

The NATIONAL UNDERWRITER

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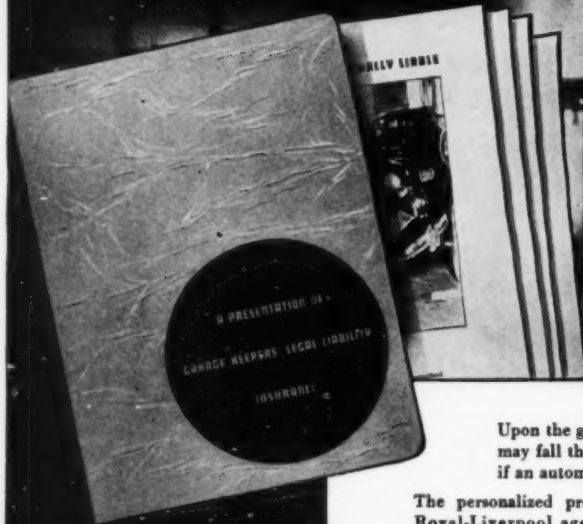
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THURSDAY, DECEMBER 11, 1941

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It was Mrs. O'Leary's
cow that kicked over
the lantern that started
the blaze that fired Chicago that
developed into one of the greatest
conflagrations in recorded history.

CHICAGO IN FLAMES—The rush for life over Randolph Street Bridge
—from a sketch by John R. Chapin

IN THIS roaring holocaust the Chicago office of THE HOME INSURANCE COMPANY was burned to ashes. This did not, however, prevent settlement of claims insured by the Company. H. H. Walker, Adjuster of THE HOME, sat behind this desk, which is now in the H. V. Smith Museum collection; and from improvised headquarters accomplished settlement of losses amounting to more than \$3,000,000. The promptness and reliability with which insured losses were paid emphasize today the calibre of protection always afforded by companies of THE HOME FLEET.

On the back of one of the drawers in the desk, H. H. Walker wrote these words, "This desk I desire to pass in the family down to the youngest son as a memento of the 60 days' hard work by its possessor at Chicago, Ills. 1871."

★ THE HOME ★
Insurance Company
NEW YORK

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The current "V" for Victory campaign is one more symbol of the spirit of the people of the world today who cherish freedom.

It is symbolic of a spirit which, in the United States, is reflected by our huge national defense program and our increased industrial production. Today, more than ever before, insurance and the protection that it alone offers, is a vital part of our nation's great industrial effort. And in this, the Insurance Agent plays an important role in protecting industry and the workmen of industry.

The Norwich Union has aided its agents in affording proper protection to fit the needs of their clients since 1797 . . . through wars, fires, flood and disaster in normal and in critical times.

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FIRE INSURANCE SOCIETY, LTD.

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The NATIONAL UNDERWRITER

Forty-fifth Year—No. 50

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, DECEMBER 11, 1941

\$4.00 Year, 20 Cents a Copy

Sloan Tells What Is Being Done in Defense Work

Head of General Motors Made Address at Com- missioners Luncheon

NEW YORK—A most illuminating address was made at the luncheon meeting Monday given by New York insurance companies in tribute to the National Association of Insurance Commissioners by A. P. Sloan, Jr., chairman of General Motors, on what is being done in stepping up defense production. President Hobbs of Kansas presented Superintendent Pink of New York who introduced Mr. Sloan.

The speaker said that the entire national viewpoint had changed overnight in view of the dastardly attack by Japan. The effect, he said, had been to unite the country in one great family. He said that everybody now wants to get down to business and put across a defense program in true American fashion. A year or so ago it was appreciated that there were enormous reservoirs of economic resources that had been untouched. The problem then was to put idle resources to work.

Honeymoon Period

He referred to this time as the "honeymoon period" as everything was golden and there was no great trouble. He said that the main problems were to get employment going in the right direction; to secure abundant materials and to hasten the production of defense goods. There must be mass production. He said that there will be spent 40 billion dollars in defense projects. This immense spending has developed many problems such as inflation, taxation, employment demands, national debt and labor relations. Mr. Sloan characterized inflation as the worst economic disease. It is impossible, he said, to make an impartial distribution of income because some occupations are so much more needed than others.

Mr. Sloan said that there should be some control of price levels, but this cannot be brought about if wages and prices of farm products are ignored. The tax problem, he said, would be an enormous one. He said, "If we win the war, can we successfully win peace?" War conditions he said, will cause economic and social dislocation. Serious sacrifice will have to be made on every hand.

Automobile Situation

In speaking of the automobile situation he said the proposal now is to reduce next year production of new cars equal to 50 percent of the number in 1941. This, he said, will play havoc with the dealers' organization where large sums of money have been spent to build up their business. However, he said, the sacrifice must be accepted.

(CONTINUED ON LAST PAGE)

War and Its Immediate Effect Upon Insurance

The reactions of the insurance fraternity in this country to the dreadful headlines are, of course, indistinguishable from those of all citizens. But, after having experienced the same emotions, as his neighbor, the insurance man has running through his mind considerations special to his trade.

A few war time insurance situations became immediately accented Monday. In life insurance, the war clause problem which has been deliberated in cloistered fashion for well over a year, suddenly became one viciously calling for an answer this minute. Those life companies that had not previously applied such a clause hurriedly made their decision and sent telegraphic advices to their agencies. An impediment to uniform and effective war clause procedure had been the attitude of Commissioner Fischer of Iowa, who had forbidden attachment of the clause to policies of any person that is not actually in the armed services or an enemy alien. Mr. Fischer, however, upon the outbreak of war, removed the impediment that he had created and the companies were free to act on a completely national basis.

There seems to have been an impulse to insure this week on the part of those to whom the mortal threat was driven close home by the appalling events of Sunday. Some life offices reported that they were doing quite a brisk business earlier this week with men ages 28 to 35, who now feel that their day to serve may be nearer.

Ocean Marine Hectic

The most hectic manifestations of war were to be found in the ocean marine offices. What the cargo and hull losses were in the Pacific "blitz" Sunday no one knows today, but that the losses under marine war risk covers will prove out at very many millions no one doubts. The immediate response was, of course, predictable. The marine underwriters agreed upon rates that represented staggering increases from the pre-war scale. For instance certain rates that had been but 5 cents are now \$4.

Local agents and fire company offices reported that they were pretty well swamped with calls pertaining to war risk and sabotage insurance on land. The agents say that a lot of the assured just seemed to want to talk about it, without having any real intention to buy. One thing may be stated categorically and that is that there is little market for the war risk and bombardment policy in this country, not even at London Lloyds'. The Explosion Conference has been quoting rates for such insurance and here and there a policy has been written, but right along, most insurers took the position that they would not accept such a line, because if war should come, the insurance company immediately would cancel and if there should not be war there would be no purpose to the insurance. Assured were interested in protection against sabotage losses. The fire insurance companies do not use the word sabotage in any of their contracts as a hazard insured against, but, of course, the protection is available in various ways and agents and companies were called upon to elucidate. There was considerable confusion

because the Explosion Conference had just come out, prior to the Sunday "blitz," with an entirely new setup of rates, and rules. The question was whether there would immediately be other revisions in view of the new conditions.

Hazard of Sabotage

The hazard of sabotage began to fill the consciousness of insurance people. It is stated on the best authority that until now there has not been a single loss attributable to sabotage in this country but it is inconceivable that the axis has forgotten this means of destruction and the imperative need for the utmost vigilance is understood by insurance men.

The insurance companies have it in their power to make great contributions to the national objective. The outlines of the service they can render are pretty well defined in the cooperative inspection and safety organizations that have been created, but this contribution to the maintenance of production can and will be enormously stepped up.

Had the securities markets taken a nose dive at this time that might have caused considerable consternation in the ranks of insurance companies because of the imminence of annual statement time, but so far the decline appears to have been no worse than might have been anticipated. A sharp collapse in the stock market might have been embarrassing to some fire and casualty companies that have greatly increased their premium writings this year with consequent increases in reserve requirements. The insurance commissioners this week solved the valuation problem by pegging statement values at Dec. 1 quotations.

It was a fortuitous circumstance that war was declared when there was such a great congregation of leaders of the business as there is in New York this week for the insurance commissioners' convention, the Life Presidents meeting and other gatherings. This gave the leaders a magnificent opportunity to exchange reactions and ideas and to shape their courses in consonant fashion. Many things in the business that have appeared important will now pale beside war time values. It is doubtful whether some of these investigations of the business that have been threatening from several directions will amount to very much now.

Apparently there will be a period during which people will be stunned and unable to grasp the significance of events, but then will come the day of effective action when the nation and its people are in normal command of themselves, adjusted to the idea of new events and new values and operating in a war economy as if that were the natural way of life.

Here is a paragraph from the "Review" of London of Nov. 14, just received, on war time psychology that will appeal to those whose equilibrium has been so greatly upset in this country this week.

"One lives these days in the midst of such tremendous happenings and the future holds such world-moving possi-

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War Pall Hangs Over the Meeting of Commissioners

Stirring Scenes at the First Session of State Officials

By C. M. CARTWRIGHT

NEW YORK—The midyear meeting of the National Association of Insurance Commissioners starting Monday morning had the thick pall of war hanging over it when it started its proceedings. At the morning session it was evident that all present were imbued with the tragedy of the hour and its possible frightful developments. Commissioner Hobbs of Kansas stated that at the convening of the session all should arise and sing "God Bless America." Commissioner Bowles of Virginia was recognized and stated that the officials were in hearty accord with the President in declaring war and promised the cooperation of the commissioners 100 percent. He offered a set of resolutions to that effect to be wired to the President and Congress pledging support in any defense measure that seemed necessary. Commissioner Sam King of South Carolina seconded the motion, saying that he did so coming from a "rebel" state. The resolutions were telegraphed to Washington so that the President would receive them before going to the capitol to deliver his message.

President Hobbs introduced three new commissioners: Lockhart, Texas; Carlson, Utah, and Scheufler, Missouri, all of whom spoke briefly. Superintendents La France of Quebec, McNairn of Ontario and MacLachy of New Brunswick were presented, the last named being president of the Canadian superintendents association. He said that so far as Canada and the United States are concerned they lie on almost identical lines so far as insurance is concerned. The two countries, he said, are now closely joined in the defense of freedom.

Forty-five States Represented

On rollcall it was found that 45 states and three Canadian provinces were represented. President Hobbs in a few opening remarks said that the association faced the most critical period of any time in its history due to the catastrophic changes caused by war. A motion offered by Williams of Mississippi was adopted to the effect that owing to the rapid changes due to the present emergency the executive committee be authorized to exercise all rights and privileges of the entire convention if occasion required it.

It was announced that Duell, Wisconsin, was appointed chairman of the workmen's compensation committee as Goodpaster, Kentucky, resigned from the position, becoming vice-chairman. The Missouri and Utah commissioners

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Lessons from Losses Studied by Buyers at AMA Convention

Large Crowd Gets Down to Business Despite War News

By JAMES C. O'CONNOR

CLEVELAND—Although the war was naturally a prominent topic of lobby conversation, the insurance division of the American Management Association promptly settled down to its usual thorough discussion of the insurance business at its semi-annual meeting here and did not depart from its announced and interesting program. With a registration of well over 300, the gathering featured a full day discussion of actual losses and their insurance lessons and followed with three set speeches and the always popular forum discussion.

Only in the welcome of Mayor Frank Lausche and the banquet speech of J. G. Foster, first secretary of the British embassy at Washington, were the grim events of the last few days prominent and Mr. Foster's talk was primarily an account of the conduct of the British insurance business under war conditions. There was also much warlike information in the discussion of industrial fire protection by J. A. McGuckin, Philadelphia, property protection engineer Philadelphia Electric Company, which included much information on incendiary bombs and methods of combating sabotage.

Expect to Continue

Although recognizing that nothing can be certain under present conditions, Reginald Fleming, New York, insurance manager Commonwealth & Southern Corporation, who is vice-president of the AMA insurance division, announced that the organization would schedule its spring meeting at Atlantic City as usual. The plan adopted last year of having the annual meeting at Atlantic City and the winter meeting in another section of the country has proved very popular and will undoubtedly be continued as long as possible. It has resulted in attendance of a material number of corporation insurance managers who for one reason or another cannot become "regulars" at Atlantic City.

The loss discussion occupied all Tuesday, Mr. Fleming presiding in the morning and F. K. Domer, Canton, O., Timken Roller Bearing Company, in the afternoon. Mr. Foster spoke at the banquet Tuesday evening, with A. E. Dodd, New York, AMA president, in the chair. Wednesday morning, Clayton G. Hale, prominent Cleveland agent, presided, while P. H. Schindler, Youngstown, insurance manager Youngstown Sheet & Tube, spoke on property damage and use and occupancy requirements. D. R. Kenney, Boston, insurance editor "United States Investor" discussed financial aspects in the selection of an insurance carrier and Mr. McGuckin described industrial fire protection.

The open forum, which has become so popular that it is virtually mandatory, was headed by George Rogers, New York, Robert Gair Company. The par-

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Reginald Fleming

Detailed Data on Auto Risks Asked

California Commissioner Demands Complete Break-down by Classification

SAN FRANCISCO—Commissioner Caminetti has called on all companies writing automobile insurance in California to submit all detailed information regarding all such policies in force, except pure non-ownership risks, prior to Feb. 1.

Mr. Caminetti states that companies failing to make the report will be subpoenaed to appear before him and answer questions. He bases his action on a section of the California insurance code which provides in part, "the commissioner may issue subpoenas for witnesses to attend and testify before him on any subject touching insurance business, or in aid of his duties."

Will Be Confidential

He also reminds the companies that complete information can be filed with him "in official confidence" according to a section of the code.

The information is sought to enable the department to determine conditions pertaining to premium rates for insurances of various kinds in connection with motor vehicles and the soundness of the underwriting practices connected therewith.

Information desired includes:

Basic rates for individually owned motor vehicles operated or located in California, separately by classification . . . in cases in which the occupation of the assured or his connection with any person, firm, organization or association is not a factor, or is not considered in determining the premium rate applicable.

Combined Policy Data Asked

Data is requested on each risk of five or more motor vehicles combined under a single policy (including comprehensive) issued to an employer or affiliated employers, but which includes in coverage motor vehicles located or operated in California of which the employer or employers are not the registered owners at rates other than those specified in answer to the first paragraph. This also requires identification of risk by name

Personal Property Floater Approved for Maryland

BALTIMORE—The writing of the personal property floater policy in Maryland has just been approved by the insurance department to become effective Jan. 1. Commissioner Gontrum advises that after due deliberation following hearings it is ruled that Paragraph G Section 2 of the present underwriting code, which prohibited the writing of this form, be deleted in its entirety.

America Fore Cost of Living Bonus Is 5 Percent

An emergency salary allowance has been made effective for employees of America Fore. The extra allowance amounts to 5 percent of salaries as existing on Nov. 30, 1941. The payments will be made by separate check quarterly, the first quarter under the system ending Feb. 28, 1942. In addition the employees will receive a check Dec. 15 of this year for 10 percent of their monthly salary as of Sept. 30, 1941.

and location, etc., premium charged, number of vehicles under each registered ownership, copies of dailies and premium applicable to each automobile.

Also required is the basis of rating of employer owned motor vehicles and basis of rating of individually owned motor vehicles constituting the risk.

Similar information, in detail, is required also with respect to risks rated on an occupational basis, risks of employees of a single or affiliated employer which do not include employer owned motor vehicles, risks of members of associations, clubs or other organizations, for which a rate is fixed different from that charged individually owned motor vehicles.

Information of the same general nature is also requested on all motor vehicles operated or located in California, including those covered under interstate policies.

D. E. DeMarcus, special agent in out-state Illinois for the Home group, has been drafted and was inducted into the army last week at Fort Sheridan, Ill. He has been with the company seven years in various departments.

Market Closing for War Risk Cover on Land

With Outbreak of War Companies Answer Inquiries, "No"

War in the Pacific has practically closed the American market for war risk and bombardment insurance, written separately or in connection with explosion or fire insurance. Not all companies have been writing this coverage, although some of them have been accepting it, particularly in connection with other lines. While most of the demand had been in the east, some of the protection was written six or eight months ago on defense plants over a fairly general area.

Inquiries as to the companies' attitude began pouring into their offices and over the country Monday morning. The answer of company executives generally was, "No." This includes the war risk endorsement to the automobile policy which was introduced earlier this year, and for which the rate was 10 cents per \$100. There had been little or no demand for this up to Dec. 7.

Some Coast Writing

In San Francisco a demand for war risk and bombardment insurance developed here Tuesday following numerous rumors, reports and announcements regarding air raids by Japanese planes. One company, General of Seattle, is writing mercantiles and dwellings for 60 days at 30 cents, with the 50 per cent average clause. General Agencies of New York is writing all risks not fireproof at \$1.08 for one year on a 100 per cent coinsurance basis, with a two months cancellation clause or for six months with no cancellation for risks other than fireproof. Rates for fireproof are 72 cents. Defense plants only are excluded by the latter firm.

No reports have been received yet in San Francisco as to insurance losses in Hawaii from the Sunday morning bombings.

The annual election and banquet of the Fire Underwriters Forum of San Francisco, scheduled for Thursday night, have been postponed indefinitely because of blackouts.

Uneasy from the Start

Ever since war risk and bombardment coverage was announced, most companies have been uneasy and have not desired to write any. The executive of one company that has consistently declined to write the insurance, said that if there was a real need for it, as in England, the government would have to take over anyway because the private companies are not in a position to handle such a risk. To write the business places the companies in the position of getting in while there is little or no chance of loss, taking the premiums, and then getting out when a really bad situation develops. It is hardly fair to assured to take his money for protection when it is unnecessary and then to decline to go along with him when he really needs the insurance.

Lloyds, it was said Tuesday, has withdrawn from representatives authority to bind them on this type of coverage, which they have been writing fairly freely in the American market.

While there was some automobile war risk insurance written during the last war, it did not develop any considerable

(CONTINUED ON PAGE 34)

THIS WEEK IN INSURANCE

Mid-year meeting of National Association of Insurance Commissioners in New York City this week reflected the war situation. **Page 3**

Companies are declining war risk coverages on land now that U. S. is at war. **Page 4**

A. P. Sloan, Jr., chairman of General Motors, addressed the insurance commissioners meeting in New York on defense production. **Page 3**

War brings sharp increases in ocean marine rates in the Pacific. **Page 5**

Commissioner Holmes of Montana makes a blistering denunciation of the fees that are collected by examiners conducting insurance company examinations, at meeting of insurance commissioners in New York. **Page 6**

Seven executives of Home of New York are elected to superior positions. **Page 5**

U. & O. restrictions that were introduced several weeks ago in the Eastern Underwriters Association have now been adopted for use in the Southeastern Underwriters Association. **Page 8**

Glens Falls and Commerce name three new superintendents of agents, M. D. Garlington, Louisville manager; F. W. Roberts, Philadelphia manager, and W. H. Cowan, state agent in eastern New York and Vermont. **Page 8**

Western Commissioners approve fire premium allocation basis. **Page 7**

Western Conference of Insurance Commissioners asks the parent body to approve its resolution adopted at the annual meeting in Detroit for the allocation of marine insurance premiums. **Page 8**

Joint committee of casualty companies and agency organizations meets in New York this week. **Page 24**

J. Lester Parsons is elected president of International to fill the Sumner Ballard vacancy. **Page 12**

California commissioner demands detailed information on automobile risks. **Page 4**

HOLC-S. C. A. agreement held to be in violation of Ohio laws. **Page 8**

Stewart McDonald is elected president of Maryland Casualty filling E. J. Bond vacancy. **Page 23**

Accident and health committee of the National Association of Insurance Commissioners discusses dividends paid by mutual companies on group policies. **Page 25**

Division of mutuals into two different groups for application of federal income tax is advocated by Donald Kirkpatrick, general counsel of American Farm Bureau Federation. **Page 24**

J. R. Holmes of Springfield, Mass., is assigned to San Francisco as casualty-surety manager of Aetna Casualty following the death of C. A. Bonner. **Page 23**

J. P. Hacker, vice-president, to take charge of Standard Accident bonding department Jan. 1 upon retirement of K. R. Owen, vice-president. **Page 23**

Good will advertising much needed by insurance business, E. L. Clark, Insurance manager of J. C. Penny Company, tells Insurance Advertising Conference in New York meeting. **Page 6**

Casualty and surety committee of the Commissioners Association discusses automobile assigned risks and excess premiums on government contracts. **Page 25**

North America resigns from Canadian Inland Underwriters Association and Dominion Board of Underwriters, in protest against practices of certain member companies. **Page 39**

Seven Executives of Home Get Superior Titles

Advance Potter, Peterson, Taylor, Stroub, Williams, Hargrett, Moore

Franklin E. Potter and Leonard Peterson, formerly secretaries of Home, have each been made vice-president and secretary. Herbert C. Taylor, George Ellsworth Stroub, T. Morgan Williams and Felix Hargrett, all formerly assistant secretaries, have been named secretaries. David H. Moore, secretary of National Liberty, and of Baltimore American, has been made a secretary of Home.

Mr. Potter was born in 1892, graduated from Mississippi State College in 1915, went with the Mississippi State Rating Bureau, and joined Home in 1920 as special agent in Mississippi. He became state agent in 1928, Louisiana assistant general adjuster in 1933, general adjuster



Leonard Peterson



Top row—F. E. Potter and T. M. Williams; second row, H. C. Taylor, and D. H. Moore; third row, Felix Hargrett and G. E. Stroub.

War Brings Sharp Rise in Marine Rates in Pacific

NEW YORK—In two drastic boosts this week marine underwriters raised war risk rates to a level that reflects this country's status as a belligerent. Exceptions were rates between here and the United Kingdom, which for some time have been based on Germany's policy of sinking American ships as readily as British on these voyages.

Most drastic increases are naturally on Pacific routes. One feature of the changes is that the differential in favor of American flag vessels has been wiped out. All nationalities are on the same basis.

The highest rate quoted in the schedule is now 10 percent, applying to shipments to or from either east or west coast of the western hemisphere on the one hand and the far east, east of Calcutta via Panama or trans-Pacific. This excludes shipments to or from Hongkong, Australia, New Zealand, Tasmania, French Indo-China, Thailand, Japan, Japanese possessions, Manchukuo and all Chinese ports. However, where the route is via Cape of Good Hope rather than via Panama or trans-Pacific, the rate is 7½ percent in the case of Atlantic ports and 8 percent for Pacific ports.

Shipments to or from Australia, New Zealand and Tasmania, via Cape of Good Hope, take a 5 percent rate for Atlantic ports and a 5½ percent rate for Pacific ports. If via Panama or trans-Pacific the rate is 7½ percent for both coasts. Eastern ports east of the Gulf of Aden but not east of Calcutta take a 10 percent rate if via Panama or trans-Pacific but 5 percent via Cape for Atlantic ports and 5½ percent for Pacific. Other rates involving the South Atlantic were drastically increased. Heavy increases were likewise made on voyages confined to the western hemisphere, the most striking being the increase to 5 percent on voyages between the two American continents and Hawaii. Interisland shipments in Hawaii take a 3 percent rate.

in 1936, assistant secretary in 1936 and secretary in 1938.

Mr. Peterson, born in 1893, received a B. A. degree in 1916 and studied fire protection engineering at Armour Institute of Technology. He was then with the Michigan Inspection Bureau, Central Actuarial Bureau, Chicago, and Fire Prevention Co., Inc., Chicago, joining Home in 1920 as special agent in the Chicago office. In 1921 he was made special agent in charge of Chicago office department of improved risk, in 1927 assistant manager, New York office department of improved risk, and in 1930 division underwriter western department.

Mr. Taylor, born in 1889, was educated in Richmond, Va. public schools, and was previously associated with Mutual Life, First & Merchants National Bank, and T. L. Alfried & Son there. He joined Home in 1916 as special agent and in 1920 became state agent of Franklin, in 1927 state agent of Home and affiliated companies, 1938 assistant general adjuster, and 1939 assistant secretary.

Mr. Stroub, born in 1901, was educated in New York public schools, was the first man to complete the Insurance Institute course and second to receive an Institute diploma. He joined Home in 1916 as file boy, went through all the Pacific departments, became Montana special agent in 1924, Arizona special agent in 1925, southern California-Arizona special agent in 1926, Montana state agent in 1930, assistant secretary in 1938.

Mr. Williams, born in 1903, attended University of Pennsylvania Wharton School for three years, and was with North America thereafter for seven years, joining Home in 1919 as Philadelphia suburban manager. He became

(CONTINUED ON LAST PAGE)

McCormack Offers Proposed Statute on Examinations

NEW YORK—An idealistic program for uniform state legislation covering examination of insurance companies and related matters was submitted by McCormack of Tennessee to the sub-committee on examinations of the National Association of Insurance Commissioners at the meeting here this week. Mr. McCormack, who is chairman of zone 3 of the commissioners' convention, presented these suggestions as an individual. His program embraces 32 points and he dis-



J. M. McCORMACK

tributed his recommendation in mimeographed form, together with a copy of an address that he gave last June before the meeting of the Tennessee Association of Insurance Agents along the same lines. Probably Mr. McCormack has no idea that such a program could be put across but his recommendations are interesting and will certainly stimulate discussion.

Mr. McCormack's proposed uniform statute would place insurance departments and examiners under civil service and the employees, including examiners would be qualified and on a full time basis. There would be collected from domestic companies ½ of 1 percent of their volume of premiums in the state and from foreign companies ⅓ of 1 percent. This revenue would be for the sole purpose of maintaining the insurance department and these fees would be deductible from any other premium tax due the state. If there should be any surplus, the tax would be forgiven during the current period. The commissioner would be appointed by the governor for an eight year term and he would be required to have had at least four years experience in the insurance business or have such other qualifications as might be stipulated. The commissioner and the other employees would not be subject to removal except for proper cause and then would have the right of hearing.

The salary of the commissioner would not be less than \$7,500. Domestic companies would be examined annually and convention examinations would be held every three years. Examiners of domestic companies would be required to meet minimum requirements and examiners of foreign companies should have at least two years' experience in the insurance business and other qualifications. On examinations where there are three or more examiners at least one of them must be an actuary. The examination reports would not be public documents and would not be released except with the approval of the commissioner. The fees of senior examiners or actuaries should not exceed \$25 a day plus voucher expenses not exceeding \$8. Junior ex-

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Commissioners to Hold June Meeting in Denver

Executive Committee Makes Decision at Its Gathering in N. Y.

NEW YORK—Denver will be the June convention city of the National Association of Insurance Commissioners next year, the executive committee decided at its meeting here Sunday. The vote was 6 to 4, the only other serious contender being Louisville, whose invitation was presented by Goodpastor of Kentucky. The committee voted to leave the exact dates in June to those locally in charge of the convention.

Scheuffer of Missouri put in a bid for the 1943 June convention, while Morin of Rhode Island and Harrington of Massachusetts spoke for their respective states the next time the June meeting should be held in the east.

In presenting the Denver invitation, Kavanaugh of Colorado drew much laughter by his remark that he had been seeking a raise in salary and that if the convention went to Denver, "I know damn well I'll get it."

Report on Lloyds Agreement

At a later session of the executive committee, held behind closed doors, the special subcommittee headed by Morin of Rhode Island made its fact-finding report on the agreement between a number of leading surety companies and London Lloyds that in consideration of Lloyds freezing its bankers blanket bond business in the United States as of 1934 the companies would agree to cede a certain amount of this business as reinsurance and to seek no legislation inimical to Lloyds. The subcommittee found no fault with the companies for adopting this course as an amply justified business expedient but raised the question of the wisdom of it as a matter of public policy, since in effect the companies are buying Lloyds' consent to refrain from business which they cannot legally write anyway.

Marine Premium Allocation

Thompson of Oregon presented the recommendation of the western commissioners on allocating marine insurance premiums for tax purposes. This was drawn up at the Detroit meeting and was further discussed Sunday morning here at a meeting of the western group. Mr. Harrington stated that it would be referred to the taxation committee.

The western commissioners' formula provides that premiums on hull and cargo coverage shall be allocated to the state where the insurance is negotiated and placed. Inland marine premiums, where the transportation hazard is dominant, are to be allocated to the state in which the principal place of business of the assured is located, or where the assured lives, in case of a non-business risk. Where the transportation hazard is not dominant, and if the insured property is located for some time in one or more locations, the plan calls for allocating premiums to the state where the property is principally exposed. If the coverage does not come under any of these classifications, the premium is to be allocated to the state of the assured's principal place of business, if a business risk, otherwise to the state of the assured's residence.

The Insurance Accountants Association of San Francisco is holding its annual get-together banquet Dec. 19.

Holmes Levels Torrid Blast at Examiners' Fees

Montana Commissioner Demands "Immediate Purge" at N. Y. Gathering

NEW YORK—John J. Holmes of Montana, during the course of the discussion of company examinations at the meeting of the insurance commissioners here, delivered a blistering denunciation of the high cost of these audits and the alleged arrogant and uninformed practices of examiners. Characteristic of the temper of this unexpected blast is this paragraph:

"One of the most pathetic spectacles is to witness a vivacious, energetic, ambitious departmental examiner, armed with a certificate from his commissioner, report in for an examination and, in the exuberance of his acquired power, lay claim to a \$25 per diem charge and \$7.50 per day subsistence demand, and, thus fortified by his self-esteem, inflated by his knowledge that he has been able to demand and receive an executive salary, set about to undo, criticize and destroy practices established by men who have made the business of insurance and insurance company management their life work."

Most examiners, he charged, are over-awed by their self-importance because they receive salaries comparable to those of high executives.

Pro Rate of Regular Pay

The examiner, he contended, should receive while on examination work, no more than prorata of his regular stipend and actual expenses. He said there should be no "mortality savings" in the expense account of the examiner, meaning that there should be no coverage for the examiner's own pocket.

The cost of examinations is reflected in the premium rate, he said, and hence the state supervisors and the insurance companies should be concerned.

The commissioners, he said, have apparently been more interested in whether their particular states will be represented in an examination than they are in the cost.

The laws governing examinations of foreign companies, Mr. Holmes stated, "were never intended to be the spring-board of inequitable practices on the part of examining departments and their representatives but we must admit that such has been the use of such statutes."

Mr. Holmes asserted that he does favor participation in examinations by departments other than that of the state or domicile of the insurer, but he does not approve of the costs that have developed under the system.

Same as Governor's Wage

The governor of Montana, he observed, is paid at the rate of \$25 a day. And yet the per diem charges made by insurance department examiners against insurance companies are about \$25 a day. The burden of the examiner's job, he contended, does not even closely approach that of the chief executive of the state. The salaries of most comptrollers and auditors and that of some actuaries of life companies is at the rate of from \$15 to \$20 per day and they are experts. He said that frequently the person employed in an insurance department at a salary of \$250 a month lays claim to compensation of \$25 per day when on an examination assignment. The examiners, he said, frequently express resentment when the domiciliary department

(CONTINUED ON PAGE 39)

Arkansas Mid-Year Parley Draws 125

Broach Scheme for Insurers to Pay Certain Bond Commissions to Group

LITTLE ROCK — A movement started by the executive committee to persuade insurance companies to allot commissions on their qualifying bonds to the association, and a strong defense resolution, featured the mid-year meeting of the Arkansas Association of Insurance Agents Tuesday.

About 125 Attended

Thorough discussion of the qualifying bond premium plan featured the preliminary executive committee meeting, and it was explained that finances of the association would be materially strengthened if the association was made beneficiary of the commissions. The committee will now take a poll of the membership at the forthcoming regional meetings. Company representatives indicated informally that should the membership vote for the plan overwhelmingly it would be acceptable to the companies.

The defense resolution offered to the governor and to the chairman of state council of defense the full facilities and services of the organization and its membership in any manner in which they may be used.

Summer Seminar Report

A report on the summer seminar held at the University of Arkansas made by Charles H. Fernald of the University of Arkansas, indicated that this event is now an annual fixture.

The speakers included Van Howell of Fayetteville, association president; Henry Latham, Aetna Fire state agent; S. T. Frank, agent, Dumas; P. E. Newsom, Little Rock business man; John W. Ricks, North British state agent; F. W. Westervelt, Jr., Business Development Office, and P. H. Hawes, agency director Central Surety.

Mr. Westervelt made an important point in connection with defense. He declared that every local agent should immediately review the fire insurance of all of his clients so that there will be protection adequate in amount and broad in coverage so that replacement of the enterprise will be prompt. Thus the local agents will contribute considerably to national defense by minimizing interruptions of national defense production.

The various talks were built around the main theme of methods of selling rather than coverages to be offered.

Mr. Latham criticized the local agents for the small amount of survey work done and for their universal delay in answering correspondence, and also said that they should be more careful to give full information on risks. He also chided the local agents for their seeming reluctance to use the advertising material sent to them by their companies and pointed to the paper shortage now developing.

Mr. Frank criticized the field men in return and said that they should be better informed, preferably that they specialize in some particular coverage. He said the special agents should be well informed as to finances of their companies, and that they should keep up with new developments by attending special schools.

Mr. Newsom, speaking as a buyer, said the agent should know precisely the needs of his clients and that he should let the clients know that he is so informed. He said the local agent should contact the clients between expirations and that the agent should notify the buyer of changes in rules and of endorsements authorized so that the cost will be kept as low as feasible.

Mr. Hawes outlined the importance of give away advertising such as blotters and gadgets, of sales letters and of newspaper advertising, but declared that the

Changes Made in Vandalism Rates; One Broad Form

NEW YORK—Several policy and rate changes have been issued by the Explosion Conference, effective Nov. 21. Vandalism and malicious mischief rates have been revised, and one new form, virtually the equivalent of the old broad form, supersedes the two forms, limited and broad, previously in effect.

Although rate and zone changes for war risk and bombardment were issued by the conference, because of the outbreak of war in the Pacific these are already regarded as outmoded.

One of the principal changes in the revision of the vandalism and malicious mischief endorsement is elimination of reference to acts of governmental agents.

Formerly there was a 20 percent increase in rate for the broad form vandalism endorsement. The rates generally have been revised downward except for metal working risks. There are now four general classes of rates: .05 mercantile, .10 special risks, .175 manufacturing, and .25 for specially hazardous classes. These rates contemplate the attachment of the 50 percent coinsurance clause and are subject to credit for the use of higher coinsurance clauses.

The reductions do not apply to existing coverage unless the policy is canceled pro rata and rewritten in the same company for at least the same amount and the original term.

Extended Cover Changes Likely

The vandalism changes affect only the Explosion Conference jurisdiction involving writings in connection with a separate riot and civil commotion policy. It is considered likely that state jurisdictions will give consideration to the adoption of similar changes for vandalism insurance in connection with the extended coverage endorsement.

The war risk exclusion clause for riot and explosion policies and for the vandalism endorsement has been clarified. The phrases "warlike operations" and "the agent of any government," which caused misunderstanding, have been removed, and as it now stands the clause is simply a denial of liability resulting from open hostilities or invasion.

The use and occupancy rates for vandalism and malicious mischief are double those produced by application of the usual formula for computing the U. & O. rate. There is a new method for computing rates for underground coal mining operations.

local agents should give careful study to the problem, arrange a budget and keep within it, personalize his advertising and follow-ups, and carry a program to a conclusion.

Westervelt Discusses Selling

F. W. Westervelt, Jr., assistant director Business Development Office, New York City, gave a fine exposition of organized selling. He outlined prospecting methods, such as finding out and filling further needs of policyholders, endless chain from one satisfied client to his friends, activity in civic affairs, service clubs, schools, churches, etc.; leads found in newspaper items concerning births, building permits, new businesses established, etc.; news articles in insurance trade journals such as new rates, forms, rules; cold canvass.

Mr. Westervelt stressed the benefits of the pre-approach, such as through a series of letters on pertinent insurance topics mailed at regular intervals followed up by personal calls. Other pre-approach methods are sending desk pads, calendars, letter openers or similar material, or a personal letter to the prospect advising of the intention to call on a certain date and discuss a particular problem.

It pays to know before the call what

Good Will Ads Are Need in Insurance Buyer Declares

I. A. C. Gets Consumers' Viewpoint at Conference in New York

NEW YORK—Advertising that is a good will producer is sorely needed by the insurance business, Ernest L. Clark, insurance manager J. C. Penny Company, told the Insurance Advertising Conference meeting here. Tell the people what insurance is doing for them and what it can do for them, he said.

"Why not inform the public what happens to its average insurance dollar? The state gets what piece? Inspections cost how much? How much do fire companies spend to maintain volunteer fire departments?"

Breakdown Helps Relations

Call attention of the public to the tremendous number of people in every city, town and hamlet living from insurance premiums, he suggested. Show how much of the premium dollar goes out in wages. Those kinds of things build good will and insurance needs good will. A pertinent question was whether among the thousands of policyholders one is found who knows the name of the insurance company on his policies. Make the public care where their insurance is placed, he urged. Point out the value of financial stability.

"Tell your assured why they should demand an agent," he said. He cited how the New England hurricane a few years ago brought home to policyholders the advantages of stock company service of an agent. Explain how fire and compensation cases are rated, he suggested, and tell how an agent can work this rate down through loss preventive measures.

Coinsurance Is Confusing

Mr. Clark asked "Do you know how many insureds—and their agents—do not know yet what the coinsurance clause means and why it's there? Tell the public so they won't think it's a device of the insurance companies to swindle them out of 10 or 20 percent of their loss."

Although 1942 will present a difficult period to the insurance world, he said, there is a huge new buying power yet to be tapped among people who now have more to spend than ever before. Now is the time for insurance companies to wake up, advertise more and better, build good will and make their advertising pay by making it sell.

The great part insurance is playing in national defense work was pointed out by R. E. Brown, Jr., Aetna Casualty, conference president. Insurance is keeping pace with industry, as it embarks upon a gigantic expansion program, and to individuals and concerns alike it is recommending changes in coverage to fit changed conditions and is recording on the books of 1941 one of the most successful and eventful years in its history.

(CONTINUED ON LAST PAGE)

are the man's personal interests, hobbies, civic activities, and, if possible, his needs. In closing the sale, he said, motivation is essential. Few sales are made by logic alone. High pressure tactics are out of mode. Mr. Westervelt noted the great growth of visual selling, based on the psychology that people can grasp an idea more quickly in pictures.

Western States O. K. Allocation Basis

Study Ended as Regards Stock Carriers: to Summarize Mutual Report

NEW YORK—The Western Conference of Insurance Commissioners by resolution commended the report of the central examining office at Denver on premium allocations for tax purposes as constituting completion of the office's work in connection with stock fire companies and accepted the report for filing and further study by the respective states.

The resolution stated that the final reports filed by the central examining office with the states of the western conference showing premium allocations by stock companies indicated that these companies have consistently followed the practice of allocating fire premiums for tax purposes to the respective states in which the insured property is located, that these allocations were substantially correct and in the main have conformed and do conform with the statutory requirements of the states, that the reports indicate that the difficulties encountered in making premium allocations for tax purposes have been primarily due to the variance of statutory provisions of the various states and that the major sources of these difficulties have been removed by the enactment into law in the several states of the western conference uniform tax procedure on a direct-writing premium tax basis.

Commends National Board

The resolution also commended and thanked the National Board of Fire Underwriters and its affiliated companies for their cooperation and for their assistance in making the survey possible.

Regarding a similar study of mutual fire companies now in progress the western conference adopted a resolution stating that since information thus far furnished by the central examining office indicates no material deviation by mutuals from the allocation procedure of stock carriers the examining office be instructed to make its report on the mutuals not later than March 5, 1942, in summary form showing practices and premium allocation procedure followed by the companies rather than in individual reports for each state showing numerical breakdowns for such states, and that on completion of the mutual study and the filing of the summary report with the president of the western conference the central office's authority to represent the central conference shall terminate. The resolution also authorized the president of the western conference to take the necessary steps to take possession of any records and equipment involved in the study.

Challenge Insurer's Claim of Insufficiency of Data

LANSING, MICH.—In order to determine whether insurance company records were in such shape that data requested by the insurance department could have been supplied, the state rating commission is reopening the hearing for testimony Friday in offices of Detroit Fire & Marine and possibly in Michigan F. & M. and Dearborn National.

Commissioner Berry, as chairman of the rating commission which conducted the hearing on petition of Detroit for a reduction in dwelling rates, said he wants to determine just how extensive are company records. Representatives of the companies had testified that much of the information called for by the Michigan department last August, in laying groundwork for the hearing,

was not available. None of the three Detroit companies responded fully to the request, Mr. Berry said.

Mr. Berry said the information could have been obtained from daily reports if such reports were retained by the companies. There was testimony to the effect that dailies are destroyed after they have served their purpose and that many companies found it impossible to respond when they were asked for a 10-year experience record broken down by classification and territories. Even the 48 companies which furnished fairly satisfactory records, the commissioner

said, provided full data only over a five-year period rather than for the decade from 1930 to 1939, inclusive, as had been requested.

Admit Matthias to Firm

Russell H. Matthias, who for nine years has been associated with Ekern & Meyers, Chicago insurance law firm, has been admitted to the firm, the title being changed to Ekern, Meyers & Matthias. Mr. Matthias has become widely known as an insurance law practitioner. He is a director of

Lutheran Brotherhood, St. Paul, and secretary of the Illinois Fraternal Congress. Mr. Matthias is a graduate of the Northwestern University Law School, where he won his LL.D.

Yocum with Nat'l Surety Marine

Donald A. Yocum has been appointed special agent of National Surety Marine. He will devote his entire time to visiting offices and agencies of the company, advising as to the lines it writes and stimulating business production. He has been an underwriter and field representative of the St. Paul group since 1929.



KNOWING HOW . . .

Eight tons of bleeder valve going into place on a new furnace. It would never get there—never be seated right—without the skilled guidance of crews that know how.

In the present emergency, the country needs more production capacity. Efficient speed and accuracy are essential in all types of construction . . . in all manufacturing processes . . . in all phases of business.

That is particularly true in the insurance business where companies must know how to help you take care of your customers promptly and adequately . . . in the face of increased values and steadily growing shortages of both material and labor.

'Knowing how' is a characteristic of the Agricultural and the Empire State that comes from long years of experience. Because we understand local agents' problems, you will also find efficient speed and accuracy combined with a determination to eliminate all possible details and red tape. That's why we are easy to get along with. Probably, that's why so many people call us 'friendly folks.'

* * *

For your next company, choose either the Agricultural or the Empire State . . . strong stock companies that support the American Agency system—that will work with you whole-heartedly.

Agricultural
Insurance Company
of Watertown, N.Y.



Empire State
Insurance Company
of Watertown, N.Y.

Every Type of Property Insurance for Industry and the Home.

S.E.U.A. Adopts U. & O. Changes

Southern Organization Follows the Example of Eastern Underwriters Assn.

ATLANTA—A series of amendments just promulgated by the Southeastern Underwriters Association and effective Dec. 1, includes changes in the U. & O. forms which follow the promulgations made by the E.U.A. several weeks ago. The term "business interruption insurance" is definitely adopted for the heading of the forms.

The rules in the S.E.U.A. Guide have been rewritten in two sections, the first covering general provisions and rates needed for handling the usual run of business, and the second section pertaining to provisions and charges applicable to or required in special cases.

Important Changes Made

All the business interruption forms have been redrafted, and the important changes are:

The introduction of a 12-months limit of the period of liability in all of the standard forms.

The elimination of any mention of raw stock in the opening paragraph of the forms for manufacturing risks and the inclusion of a separate paragraph on raw stocks, under which the additional period of liability, if any, due to destruction of raw stocks is limited to not exceeding 30 days, similar to the treatment of stock in process.

The 12-month limit of period of liability and the 30-day limit in the raw stock paragraph, as well as the similar limit in the stock-in-process paragraph, may be extended by endorsement.

There is no increase in rate required when the 12-month limit of period of liability is extended by endorsement. But the required endorsement has the effect, if the insured, for instance, increases the 12-months limit to 18 months, of requiring him to increase the amount of insurance needed to comply with the co-insurance clause by 50 percent. If the period of liability due to destruction of raw stock is extended, the rule requires an increase in rate.

New Form of Indemnity

A new form of indemnity also has been promulgated by the S.E.U.A. It covers additional living expenses necessarily incurred by an insured in order to continue as nearly as practicable the normal conduct of the household during the period of restoration of the property.

A change is made in the consequential loss and damage assumption clause, by adding a paragraph at the end to prevent the assumption clause from overriding the exclusions in the extended coverage endorsement relative to loss due to change in temperature caused by riot, vandalism, or malicious mischief.

Bottling Works Change

Basis rates and part of the building deficiency charges on bottling works are revised. The former credit for "no syrup manufacturing" is deleted. Also the machinery in bottling plants will now take the building rate, except in combustible buildings. The changes result generally in a reduction in rates.

A completely revised schedule for metal workers also has been provided, and the application of the schedule generally will produce a reduction in rates, particularly on the obviously superior type of risk. The 80 percent coinsurance clause is made mandatory in all cases.

N. J. APPROVES CHANGES

NEW YORK—New Jersey is the most recent jurisdiction to approve the revised use and occupancy rules and regulations recommended by the Eastern Underwriters Association, its endorsement bearing date of Nov. 28.

National Defense Viewed by N.F.P.A. Fire Marshal Unit

Problems involving the national defense program featured the meeting of the fire marshals' section of the National Fire Protection Association in Chicago. Clem Smith, Indiana fire marshal, presided, and J. H. Craig, Illinois fire marshal, and Chief J. J. Graham of the Chicago fire department, welcomed the visitors. Percy Bugbee, general manager N.F.P.A., gave his report. W. T. French, chief of the fire section Office of Civilian Defense, told of his organization's efforts in preventing fire loss. Congress has been asked for an appropriation for fire equipment to assist the auxiliary fire protection units which are being organized.

Horatio Bond, chief engineer N.F.P.A., discussed current developments on the defense program. Joseph Friedman, U. S. Hoffman Machinery Company, reviewed the problems that face the dry cleaning business because of the shortage of carbon tetrachloride. Current developments in arson control were reviewed by A. Bruce Bielaski of the National Board.

Organizes Local Group

Jake Wiell, Knoxville fire marshal, told how he had organized a local fire marshal group in his city. Deputy Fire Marshals Schnizel, of Ohio, McCarthy of Louisiana and McMillan of Florida, spoke.

Commissioner McCormack of Tennessee reviewed the success of the fire marshal school in his state. District attorneys gave pointers in prosecuting arson cases. Arson investigation and inspection work are of equal importance, he said, and deputies showing aptitudes for either type of work are so assigned. Mr. McCormack stressed the point that a deputy fire marshal should be familiar with regulations so that he doesn't have to constantly refer to rules. If he doesn't know the rules unless he looks them up he certainly can't expect the average citizen to know them.

Commissioner Thompson of Oregon discussed his department's work in checking saw mill hazards. Deputies not only inspect the mills but they also aid in organizing fire prevention work.

Assured Wins \$376,000 Verdict in Explosion Issue

The companies have filed motions for judgment and in the alternative for new trial in the case involving the claim of Lever Brothers Company, the soap people, for loss of a huge tank and its contents following the action of a jury in the court of Federal Judge Slick at Hammond, Ind., giving a verdict for \$376,000 to the assured.

The accident occurred Jan. 18, 1940. A tank, containing 6,293,000 pounds of refined cottonseed oil, gave way. The entire contents spilled over the ground and the force of the oil pouring from the container was so great that it knocked a railroad locomotive from the rails.

Lever Brothers contended there had been an explosion. Within the tank were heating coils designed to keep the contents in a fluid condition. They asserted the theory that at the bottom of the tank was a certain amount of water and that the heating coils caused a steam explosion in the water. The insurance companies contended that there was no explosion within the coverage of the policy. There had been a sudden drop in temperature, to 13 degrees below zero, at the time the accident occurred and the insurance companies asserted the theory that this caused contraction out side of the tank and that this caused the container to split open.

The suit was brought against five insurance companies—North British, Atlas, L. & L. & G., Commercial Union and Fire Association—but the risk was insured in the Western Factory.

All his deputies are experienced firemen, he stated.

Chief Johnston of the Milwaukee fire department discussed the progress there in condemnation and demolition of buildings. He advised avoiding court action in obstinate cases if it is at all possible.

The N.F.P.A. committee in charge of firemen training under Chairman W. Fred Heisler, Oklahoma A. & M. College, met for two days to formulate a program for training auxiliary firemen working in connection with national defense program. Mr. Bond assisted the group in drafting a program which is now in its preliminary stages.

Three Field Men Go to Home Office

Garlington, Roberts and Cowan Advance in Glens Falls and Commerce

Glens Falls and Commerce have called to the home office Manager M. D. Garlington, Louisville, Manager Frank A. Roberts, Philadelphia, and State Agent Wallace H. Cowan, eastern New York and Vermont, to fill the newly created posts of superintendents of agents. They will assist Vice-presidents R. S. Buddy, F. W. Stein and H. W. Cowles, respectively, with production and underwriting duties.

Mr. Garlington received his education in Terrill School and was graduated from Yale. After war service in France as a lieutenant of field artillery, he entered the western department of Great American, later being a junior field man in Montana, Kansas and Kentucky. He joined Glens Falls and Commerce in 1928 as special agent in Kentucky and Tennessee, and also was given charge of affairs of Glens Falls Indemnity in 1931 when that company entered his territory.

Mr. Roberts is a graduate of Syracuse University. He was a marine sergeant during the war and went to the Glens Falls home office in 1925. A year later he was made special agent in eastern Pennsylvania and southern New Jersey. When Glens Falls Indemnity was formed in 1927, he was made manager of the Philadelphia branch office in charge of fire and casualty. He is president of the Casualty Underwriters Association of Philadelphia.

Mr. Cowan went with Glens Falls as a mail boy in 1917 and has been continuously employed by that company except for an interval during the last war, when he served in the Navy. He gained additional insurance knowledge and experience in the loss department, followed by an assignment as automobile claims adjuster.

He became a special agent in 1932, in charge of eastern New York territory and Vermont. Within a few years this territory was enlarged and in 1939 Mr. Cowan was made state agent.

Adverse Ruling on HOLC in Ohio

Superintendent Lloyd of Ohio has received from the attorney-general an opinion holding that the insurance agreement between the Home Owners Loan Corporation and the Stock Company Association is in violation of several provisions of the Ohio insurance laws.

Twenty-three of the member companies of the S.C.A. are not licensed in Ohio and for that reason, according to the attorney-general, there is a violation of the Ohio law which prohibits a licensed Ohio company reinsuring any of its Ohio liability with a company that is not licensed in Ohio. The attorney-general also claimed that the agreement violates the provision that an insurance company must issue a policy through a licensed authorized agent who collects the premium, enters the business on his records and countersigns. Under the agreement, the attorney-general states, the insurance became effective May 1, 1941, without the intervention of any agent.

Interest in "Hard Times" Party

Much interest is manifested in the Indiana Blue Goose "hard times" Christmas party at the South Shore Country Club near Indianapolis Dec. 13. In addition to toys for distribution through city agencies to children, it is suggested that "used clothes" be brought for donation to the British relief committee.

MARINE ALLOCATION FORMULA

NEW YORK—The Western Conference of Insurance Commissioners, consisting of the officials of Pacific Coast and Rocky Mountain states, reviewed the resolutions passed by this group at the annual meeting in Detroit for allocation of marine premiums and stated that the formula just adopted had been approved and accepted by marine underwriters after a thorough review and consultation. The resolution stated that inasmuch as the use of a plan of allocation of marine premiums which shall be uniform with all companies and for all states is desirable, both in the interest of the states and their examiners as well as the marine underwriters, the National Association of Insurance Commissioners was asked to appoint a committee to study this formula and report at the annual meeting. The Detroit resolutions were as follows:

Detroit Resolutions

"Whereas, the Western Conference of Insurance Commissioners has been making a study of the insurance company practices in allocating insurance premiums for tax purposes, and

"Whereas, such study revealed the necessity for a formula for uniform and proper allocation of marine insurance premiums,

"Whereas, the Western Conference, recognizing this necessity, has completed and adopted a formula as follows:

"PLAN FOR ALLOCATION OF MARINE PREMIUMS.

"1. All premiums for the insurance of hulls and their cargoes shall be allocated, for the purposes of taxation, to the state wherein the contract of insurance was negotiated and placed,

"2. In respect to insurances not coming within the description of Paragraph 1, above, and

"3. Where transit, transportation or movement is dominant, all premiums for such insurances shall be allocated, for purposes of taxation, to the state wherein is located the place of business of the assured through which the contract of insurance was negotiated, or in the case of a non-business risk, to the state wherein the residence of the assured is located.

"4. Where the transportation hazard is not dominant and where the subject matter of insurance may be exposed for periods of intended rest, all premiums therefor shall be allocated for purposes of taxation, to the state wherein the subject matters are principally exposed.

"5. Premiums for policies not coming within 3 or 4 above shall be allocated, for purposes of taxation, to the state wherein is located: (a) In the case of business risks, the place of business of the assured; (b) In the case of non-business risks, the residence of the assured."

Hartford Bridge Collapse Brings Insurance Losses

HARTFORD—The American Bridge Company, contractor for erection of the super-structure of the New Connecticut River bridge here, is a self-insurer and compensation claims arising from the collapse of the first over-the-river span Dec. 6 will be paid directly by the company, it was learned. Eight workers were killed when the girders collapsed and six are missing and believed to have been killed. Some 20 men were injured.

Before undertaking the bridge contract, the American Bridge Company filed at the insurance department a perpetual bond in the amount of \$50,000 issued by United States Fidelity & Guaranty to guarantee the payment of any compensation claims. Widows of the men who were killed will receive about \$8,000 each.

The bridge company also furnished a performance bond of \$1,236,967, in the full amount of its contract, guaranteeing satisfactory completion July 1, 1942. There is a penalty of \$300 a day after July 1. The originating companies on the bond are United States Guarantee and St. Paul Mercury Indemnity.

The Hartford Bridge Commission is insured against any risk for which insurance companies will write insurance covering a project of the type under construction here. Such coverage was assured as a result of the appointment of executive officers of five Hartford companies as a committee advising the commission on insurance. Philip S. Brown, secretary of Hartford Fire, is chairman of this committee.

The five local companies represented on the committee and which wrote the commission's policies, including liability and property damage insurance, are Aetna Fire, Automobile, Hartford Fire, Phoenix and Travelers Fire.

Anticipatory U. & O.

One policy insures the commission against loss of revenue through delayed opening of the bridge beyond July 1, 1942, "resulting from necessary interruption, total or partial, of the use of the property" from various causes including fire, lightning, flood, ice, explosions, etc., but excluding loss or damage caused by collision with construction equipment.

The commission had also taken out owners and contractors protective liability policy on \$3,000,000 of contract cost.

A third policy written for the commission covers completed contracts, automatically insuring each project as completed against all direct physical loss or damage. This policy provides all-risk insurance.

An unofficial estimate has placed the actual material loss in the bridge collapse at only \$200,000. However, the disaster apparently ended any possibility that the new bridge would be completed on schedule July 1 of next year.

At \$300 a day, the penalty the bridge company has assumed for late opening of the bridge, backed up by the \$1,236,968 bond, it will cost the self-insurer from \$18,000 to \$36,000 for not completing its contract on time.

The falsework, placed in the river and on which were set the girders which collapsed and the derrick which was swinging them from one cement pier to the next, failed to carry the huge weight of steel, it is believed here from preliminary investigation. This failure is said to have caused the collapse.

The insurance placed with five Hartford companies by the Hartford Bridge Commission was not placed through agents, it was reported. However, some of the companies will compensate regular agents for the business, probably when the policies have been completed.

Compensation payments for the widows of men killed in the accident will probably be the highest possible under law, according to Compensation Commissioner Noonan. He said the wages

of the bridge workers were high enough so that dependents would be entitled to the maximum \$25 weekly payments for 312 weeks, a total of \$7,800, plus burial expenses of \$200 and medical fees. After six years an allowance of \$3.50 weekly is allowed for each child less than 18.

The \$3,000,000 owners and contractors protective liability policy taken out with Hartford companies by the Hartford Bridge Commission covers bodily injury liability in the amount of \$50,000 for each person and \$300,000 for each accident and property damage liability in the amount of \$50,000 for each accident and an aggregate of \$100,000.

Home's Living Cost Bonus Varies with Wage Bracket

Additional compensation to all full time employees in the service of Home at least six months will be paid at rates ranging from 10 percent for salaries under \$1,200 down to 4 percent for salaries between \$5,000 and \$7,500. This will be considered an emergency and separate salary payable monthly, effective Oct. 1, and extending through the close of 1942, when the subject will again be reviewed, according to the announcement.

A list of actual compensations to be

paid is: Salaries \$1,200 and under, 10 percent; \$1,200—\$1,800, 8 percent; \$1,800—\$2,500 6 percent; \$2,500—\$5,000, 5 percent; \$5,000—\$7,500 4 percent.

Merger in Chicago Not Unlikely

In view of the fact that so many of the groups within the factory mutual system have been consolidating their corporate units and the groups have been emerging as single entities, it would not be surprising if Mill Owners Mutual Fire of Chicago and Protection Mutual Fire of that city were consolidated under the name of Protection Mutual.



'V-PLANNER'

After the skyscraper is built, the surveyor who first charted its foundations is soon forgotten. But without his instruments and his vision no towering mass of stone and steel would be possible.

Today's "V-Plan for Insurance," so dramatically presented to the industry at recent agency meetings, may be a neglected catch-phrase a few years hence but its vision of finer things to come should endure indefinitely.

This quest for sounder advertising, smarter merchandising and more effective public relations which the "V-Plan" envisions has long since become the individual responsibility of each one of us who earns his living in the capital stock insurance industry.

How well we discharge that responsibility today may well determine the shape of the structure we hope to create tomorrow. Like surveyors, we must use our tools and talents carefully, patiently.

The London Assurance, founded more than two centuries ago by men with shining vision, once more pledges its full cooperation to the American Agency System in any venture designed to serve the best interests of the industry and, most important of all, the insuring public.

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99 John Street New York City

Utility Engineer Describes Incendiary Bomb Fighting

CLEVELAND—The insurance division of the American Management Association in its meeting here found the discussion of industrial fire protection by J. A. McGuckin, property protection engineer, Philadelphia Electric Company, not only interesting, but exceptionally timely, because it centered largely about the different types of incendiary bombs and how to combat them.

Of the four types now used, Mr. McGuckin said that magnesium and thermite bombs cannot be extinguished, so that effort must be centered on controlling the resulting fire. Magnesium bombs, dropped from 5,000 feet, can penetrate an ordinary wood and tar paper roof and one additional floor, ignite on impact and will burn for 20 minutes at 3300 degrees Fahrenheit if left alone. Usually at least twelve are dropped at once and some of the later ones carry a small explosive charge to scatter burning magnesium.

Equipment Needed

Mr. McGuckin said that magnesium bombs are best attacked with dry sand and a long handled shovel, taking care not to approach it closely. A spray of water is effective, but a stream or water thrown from a bucket should not be used, because it will spread the burning magnesium. Wood floors covered with two inches of sand will resist burning magnesium, but the floor below should be watched, because the molten metal can penetrate ordinary wood floors and plaster ceilings. Carbon tetrachloride and carbon dioxide gas extinguishers should not be used.

Thermite bombs are usually larger and burn at a higher temperature—4500 degrees F.—and will penetrate a quarter inch steel plate. The bomb burns out

in about a minute, but molten iron remains dangerous for several minutes after this. The resulting fires may be handled in the usual way, with any approved extinguisher.

Oil and Phosphorus Bombs

Oil bombs, weighing about 30 pounds, scatter ignited heavy oil, often in jelly form, and start several fires. Their intensity, however, is not great, and the fires should be put out easily with an approved extinguisher, if discovered promptly.

Mr. McGuckin said that phosphorus bombs are the latest development. They explode on impact and scatter phosphorus, which ignites on being exposed to air. This element burns at a low temperature and should not cause much trouble indoors, but these bombs are ideal for starting field or forest fires. Water will extinguish them, but phosphorus ignites again as soon as the water evaporates, so it must be disposed of completely.

Mr. McGuckin also described methods of training employees in fire fighting, stressing the importance of employees actually handling the equipment in drills. He showed motion pictures of this work and had an exhibit of the equipment used.

Judgment Against Caldwell

LOS ANGELES — Commissioner Caminetti, as liquidator of Angelus Indemnity, obtained a default judgment against British Foreign Syndicate, Hartley Caldwell, Hartley Caldwell British Foreign Syndicate and others on a note dated Nov. 1, 1937, for \$6,156 with interest.

The action was brought originally by Commissioner Goodcell and has hung fire since that time.

Caldwell, accused of a felony charge, went on trial Tuesday after a delay of months, the delay having been granted in order to enable him to go to England and secure proof that he had authority to act as an agent for a non-admitted insurer. The charge grew out of transactions in which he allegedly represented Lloyds of London.

Johnson to Scottish Union in Ohio

HARTFORD—Philip L. Johnson, formerly special agent in Ohio for Republic of Dallas, has been appointed state agent covering northeastern Ohio by Scottish Union & National. The appointment was effective Dec. 1. Mr. Johnson will have headquarters in Columbus. A native of Illinois Mr. Johnson is a graduate of the University of Illinois. Previous to joining Republic some six years ago he had been with the Indiana inspection bureau.

Mr. Johnson underwent an operation in Methodist Hospital, Indianapolis, this week, something he has been planning for some time.

National Board Veterans

In addition to the 17 former members of the Twenty-five Year Club of the National Board, five additional employees who qualified were added to the roll at the luncheon-meeting in New York Tuesday. President R. P. Barbour and former Presidents James Wyper and P. B. Sommers of the National Board, honorary members of the club, also attended.

Aetna Fire Dividend

HARTFORD—Aetna Fire directors declared an extra dividend of 20 cents a share and the regular quarterly of 40 cents a share, both payable Jan. 2 to stockholders of record Dec. 11. This is same amount as was voted last year on Dec. 11.

REJECTED RISKS

Contribution to the progress of industrial accident prevention contained in a workmen's compensation report covering an accident to a helper on a diesel-motored truck:

"What was the employee doing when the accident occurred?" "Removing piston from decil engine."

"What machine, tool or object was most closely connected with the accident?" "Piston of decil engine."

"If machine or vehicle, what part of it?" "Piston."

"How did the accident happen?" "Hoisting a piston out of a decil engine."

"How can you prevent this type of accident?" "By not being a helper."

An insurance salesman uses a story to illustrate a point in that some people in purchasing insurance seem to look at the price alone. He calls attention to the man who walked up to a railroad ticket agent and asked for a ticket to Springfield. "Which Springfield?" asked the agent. "Springfield, Ill., Springfield, Mass., Springfield, O., Springfield, Ky?" The traveler answered, "Which is the cheapest?"

Insurance Women Hear Ramsay

J. A. Ramsay, general agent Connecticut Mutual, Newark, addressed the New York League of Insurance Women on "1942 and You."

John Walberg, Jr., of the underwriting department of Bituminous Casualty in Chicago, son of a veteran insurance man associated with Cramsie-Laadt & Co., Chicago agency, enlisted in the marine corps and will begin active service Jan. 2. He is 18 and the Illinois state roller skating champion.

Order Direct Reading Rate Finder & Cancellator, \$2, from National Underwriter.

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Items from Financial Statement of June 30, 1941:

CAPITAL	\$ 600,000.00
SURPLUS	1,528,508.86
LOSS RESERVE	502,762.33
PREMIUM RESERVE	2,969,067.41
ALL OTHER LIABILITIES	42,181.69

TOTAL ADMITTED ASSETS . . \$5,642,520.29

Securities carried at \$422,781.80 are deposited
in accordance with law.

Fire and Allied Lines

Railroad Insurance Men See Need of Vigilance Now

NEW YORK—The unrealized extent of the present expansion of railroad business and the drain on the railroads was shown in a statement by H. W. Cann, New York, assistant manager of the Railroad Insurance Association. Mr. Cann, who joined the railway group last summer, was well known to insurance men as insurance manager for National Dairy Products for 12 years.

In spite of the growth of truck and airplane, railroads still carry 61.8 per cent of American freight, Mr. Cann said, and this proportion will undoubtedly grow with war activity. In spite of this the average revenue per freight ton-mile is 26 percent below the 1921 average.

Huge Increases

"By Oct. 1, the total number of freight cars had increased to 1,673,536 and 372 new locomotives had been received," Mr. Cann said. "It is estimated that 850 additional locomotives are required and that the total of freight cars should be built up to 1,800,000 by Oct. 1, 1942. From June 1, 1940, to June 1, 1941, orders were actually placed for 112,320 cars. Unfortunately inability to secure materials caused the program to fall short of completion by more than 20,000 cars. If the desired program is to be achieved, it means building at least 160,000 cars before Oct. 1, 1942, allowing for 40,000 necessary requirements. This probably cannot be done unless production is decidedly stepped up.

"One of the most important features is an increase of 22 per cent in carrying capacity of the average freight car over that used in 1916. Still, freight cars are being loaded to a greater capacity than usual and values of much of the defense cargo are very much greater than ever before.

Insurance Methods

"Railroads vary in their methods and manner of insurance and in some cases carry their own risk in part. In the main, however, they insure as do other corporations in order that they may set up an annual fixed charge for loss cost. Railroad underwriting is hardly comparable with other forms dealing with a single unit of risk. Insurances carried by a railroad corporation, in most cases, involve property located in many states. The magnitude of the transactions is therefore obvious. For the convenience of the railroads, owing to the large amount of property owned and operated and its varied nature, and also because of the character of the business of transportation, the insurance has to be handled in a broad manner and under conditions quite peculiar to the class.

"A general schedule of insurance of properties and liabilities of a railroad comprises a multiplicity of operations, occupancies and processes, including depots and stations, both passenger and freight and their contents; warehouses and contents; locomotive and car buildings and shops—repairing and housing plants; water stations; signaling and interlocking facilities; dwellings; coaling facilities; bridges and trestles; office buildings; employees' clubs and hospitals and hotels and resort properties; tie storage yards; piers handling domestic and export traffic; cars and merchandise therein, as well as merchandise being handled in and through station and terminal facilities, and many other forms of miscellaneous properties. All these classes of risks vary in construction, in age, in maintenance and the degree of protective equipment afforded.

"The coverage on rolling equipment and contents applies to a decidedly mobile class. It is therefore hard to segregate or to estimate on a volume of

transportation liability or risk at any one point at any one time. The underwriting in the many cases presented requires constant study and treatment. It is true that the classification of no two railroads' property is alike. The tremendous values involved and the fact that there are over 1,250,000 employees operating these properties indicate the vast opportunity which exists for losses.

"But the prevention of losses seems even more important. It is immediately obvious that the protection of bridges, piers and other highly important property as well as the right-of-way is most urgent. It is definitely known that scores of fires started on a certain bridge in a relatively short time where it has now become necessary to take the most stringent preventive measures. It is difficult to conceive the disastrous results if the steady flow of defense materials should be disrupted. There are the additional dangers of the risks which accompany a war effort through sabotage and malicious mischief. Too

many losses have already occurred. The number of fires involving railroad properties had been greatly reduced in recent years, but the year 1941, however, has shown a sharp reversal. It means that far greater care must be taken to prevent fires and accidents." The imperative demand for the protection of all facilities is most urgent.

Association Doing Good Work

The Railroad Insurance Association is doing its best to furnish proper insurance protection and engineering service to prevent losses. It is the oldest and largest organization writing insurance on railroad properties. It was formed in 1920 at the time of the return of the railroads by the government to private ownership and is a successor to the old Railroad Insurance Syndicate which was organized in 1887. Its member companies are: Home, Hartford, Royal, L. & L. & G., Fireman's Fund, Commercial Union, Western Assurance, North America, Continental, Fidelity-Phenix, Automobile.

The association is now headed by Charles A. Scott who became manager following the death of Charles N. Rambo in February of this year.

Get more casualty business. Send \$1.50 for year subscription to Casualty Insurance, 175 W. Jackson Blvd., Chicago.

Steger Manages New Life Department for Sauter

A. C. Sauter, special agent in Cook county (Ill.) of Boston and Old Colony, Chicago, has opened a life department, being appointed district agent of Union Central Life. He will report through the Chicago branch of that company, of which H. A. Zischke is manager.

Herbert F. Steger, Oak Park, Ill., branch supervisor of the Zischke agency, has been appointed by Mr. Sauter as manager of the new life department, which will seek to build a large volume of life brokerage business.

Mr. Steger is a 1925 graduate of University of Michigan and was football captain and an all-American in 1924. Before joining Union Central 2½ years ago, he was for 4½ years an Equitable Society agent in Chicago.

Edwin L. Sternberg, 41, Wisconsin state agent of Security of Connecticut, died in Milwaukee after a brief illness. He was a bachelor. A native of Richmond, Ill., Mr. Sternberg entered insurance work with the automobile department of National Liberty in Chicago in 1922. Later he went to Milwaukee as special agent of that company and then the Home before becoming state agent of Security in 1938.



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NEWS OF FIELD MEN

Kelly Heads Okla. Fire Underwriters Association

OKLAHOMA CITY—C. H. Kelly, Home, was elected president of the Oklahoma Fire Underwriters Association at the annual meeting here. Drew Whitehurst, Travelers Fire was named vice-president and John Benson re-elected secretary.

New members of the executive committee are Carl Fisher, National; Elmer Dice, St. Paul Fire & Marine, and Harry Singleton, Sun. Hold over members are Hal Watson, Great American, and Robert Foltz, Springfield.

The meeting was cut short by the concern over the National emergency. It was the general opinion, however, that fire insurance business will pick up as the result of this emergency. Of the 94 members, 66 were present.

Two Iowa Field Men Given 25-Year Testimonial

A 25-year testimonial banquet, with 81 Iowa field men and other guests attending, was held in Des Moines for Ralph A. Martin, special agent Fireman's Fund, and O. O. Wolfe, special agent Iowa Fire. The testimonial banquet is a custom long established in Iowa, honoring field men who have completed 25 years of continuous service with one company in the state.

Both of the honor guests were presented gold wrist watches. Frank Carr, Springfield Fire & Marine, made the presentation to Mr. Martin and Claude Borrett, Hanover, to Mr. Wolfe.

W. W. Waddell, general agent of the western department of Fireman's Fund, Chicago, and Jay Smith of Waterloo, secretary of Iowa Fire, were special guests. Mr. Wolfe's three sons also were present.

J. H. Bunten, Fire Association, past most loyal gander of the Iowa Blue Goose, was toastmaster. Arthur E. Holt, Aetna Fire, was general chairman.

Providence Washington Changes in New York

Walter F. Ficke who has just been appointed special agent for the suburban New York territory of Providence Washington, replaces John M. McMillan who is being removed to Albany. Mr. McMillan succeeds Edward A. Greenhalgh, who in turn will take over the western New York territory soon after the first of next January succeeding Andrew N. Stiglitz who has presented his resignation. Mr. Greenhalgh will maintain his headquarters in Rochester, N. Y. He is a man of broad head office and field experience. Mr. McMillan is a graduate of Hamilton College. Both of these men have been with Providence Washington a number of years.

Mr. Ficke has been traveling northern New Jersey for National Liberty. He is a young man of varied experience, having been "on the street" in New York for a number of years working for companies, agencies and brokerage houses.

America Fore Shifts Carney. Antel

Lynn D. Carney, who has been special agent of the farm and hail department of America Fore for the past year in St. Joseph, Mo., has been transferred to Omaha as special agent for all lines under State Agent J. H. DuVall. Before joining America Fore Mr. Carney was a local agent.

C. E. Antel, special agent of the farm and hail department in Ohio since 1938, is being transferred to St. Joseph.

Illinois Mid-Year Rally

The semi-annual meeting of the Illinois Fire Underwriters Association is to be held at the Abraham Lincoln Hotel, Springfield, Ill., Jan. 21.

Wyant and Formo with Great American in Farm Field

Harlan W. Wyant, who has been adjusting losses for the farm and hail department of Great American in the midwest for the last five years, has been named farm and hail special agent in Kansas to succeed Special Agent W. L. Edwards of Clyde, Kan., resigned. Mr. Wyant will have headquarters in the New England building at Topeka, Kan.

Miles C. Formo, who has been adjusting and doing field work for T. G. Dahl, manager farm and hail department Great American, has been named special agent covering Minnesota, with headquarters in the American State Bank building at Moorhead. Mr. Formo formerly operated a local agency at Langdon, N. D., which he has sold to Steve Sturlaugson.

Offer to Make Defense Talks

INDIANAPOLIS—At the speakers club of field men Monday a number of members expressed their willingness to cooperate with the state fire marshal's office or any other center of authority in making public or radio addresses on fire prevention measures in connection with national defense. In the last world war quite a number of Indiana field men rendered highly valued service in this way. It is known that there will be opportunities of this kind for those who are able to make acceptable addresses.

R. J. O'Neill with Royal

DETROIT—R. J. O'Neill has joined the Michigan office of Royal-Liverpool replacing E. M. Peterson, who has entered military service. Mr. O'Neill has been admitted to membership in the Michigan Fire Underwriters Association.

Riches at Newark for Fire Assn.

W. A. Riches has been named special agent of Fire Association at Newark. He has been with the company 15 years and succeeds J. K. Olson, who is reporting for active duty in the United States naval reserve.

California Pond Fall Dinner

LOS ANGELES—The California Blue Goose held its annual fall dinner with 46 couples in attendance. Roy O. Elmore, past most loyal gander, who has just been named Pacific Coast manager of Pacific National Fire, and Mrs. Elmore were guests of honor, having come down from San Francisco for the event.

Dirkers Joins American in Ind.

Special Agent Jerome B. Dirkers has been selected to join State Agent Prtichett and Special Agent Coryell in the central and southern portion of Indiana, traveling out of the Indianapolis office in the Chamber of Commerce Building.

Mr. Dirkers is a native of St. Louis. He graduated from Armour Institute and spent some time in rating bureau work before joining the Western Factory, where he has been employed for the past seven years as fire protection engineer.

NEWS BRIEFS

The Minnesota Fire Prevention Association inspected Blue Earth, Minn., Dec. 10.

The Southern California Fire Underwriters Association had as speaker at its meeting in Los Angeles A. H. O'Connor, manager of the Australian National Publicity Association in Los Angeles.

The Louisiana Blue Goose Auxiliary, which starts off with a membership of 53, has named the following officers: Mrs. Leo Barrett, president; Mrs. Henry A. Steckler, vice-president; Mrs. Louis E. Vauthier, secretary, and Mrs. Tom Marlowe, treasurer.

The Minnesota Blue Goose will have a party for members and their wives Dec. 19 at which Minnesota football pictures will be shown.

CHICAGO

MERCHANDISING CLASS FORMING

The idea of forming a class to study merchandising technique among Illinois field men who reside in Chicago will be considered at a meeting in the Chicago Board Auditorium next Saturday at 10 a. m. The course would be conducted by J. R. Ozanne, a prominent consultant in merchandising methods. He will appear Saturday morning to outline what he would offer. Then the group later will decide whether to proceed and if so, those desiring to take the course will sign up. The course would consist of two hours each Saturday morning during February and March.

There would be set forth principles in selling so as to give members of the class new ideas in merchandising. There would be stories, cases, short skits, demonstrations, etc., and at the end of the course there would be furnished to those in the class a condensed outline of what had been provided. Mr. Ozanne is a very spirited man who has a flow of rapid fire ideas.

The program was conceived and is being offered under the auspices of the educational committee of the Illinois Fire Underwriters Association consisting of Leo Davis, North America, chairman; Ben Peters, Royal-L. & L. & G., and J. Lewis Cassell, London Assurance.

LENZ HEADS NEW SERVICE UNIT

Establishment of a Cook county service and survey department is announced by the Fred S. James & Co., Chicago, as a step in its program for improvement of service to brokers and policyholders. Under the new arrangement various office facilities have been placed under N. F. Lenz, formerly of the marine department, assisted by Ira Holt. Mr. Lenz will have charge of general supervision to out-of-office brokers, assisted by A. E. Uhrlich. He will also supervise preparation and analysis of survey reports on new and prospective accounts. General supervision of Cook county fire business will continue to be in charge of Charles Buresh.

BOOKLET ON QUALIFICATIONS

The Illinois department has published a 48-page booklet on the agents and brokers license act with related provisions of the insurance code and department rulings. It is being distributed by H. Walter Hanson, Jr., supervisor of licenses. There is a detailed index showing section and page numbers and also the complete texts of the qualification act and license division rulings in relation to it.

NEW YORK

SELECT ESSAY SUBJECTS

A written discussion as to whether the workmen's compensation law of New York should be extended to cover domestic servants and farm laborers has been selected by the committee on prizes of the Insurance Society of New York as the subject to be considered in connection with the Stanley L. Otis memorial prize this year.

Competition for the T. Y. Brown prize of \$50 will center on the topic, "A Study of Fire Insurance Losses by Size." Any registered student of the society may submit essays on either or both of these subjects.

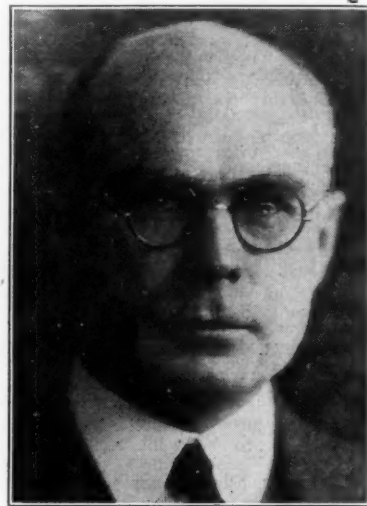
BOARD OF TRADE SECTION MEETS

The insurance section of the New York Board of Trade will hold its second annual meeting and reception at the headquarters, 41 Park Row, the afternoon of Dec. 16. M. E. Sprague, vice-president of Home, is chairman of

COMPANIES

Crum & Forster Head President of International

To fill the vacancy caused by the death recently of Sumner Ballard, J. Lester Parsons has been elected president of International of New York, the fire reinsurance company. The entire stock of



J. LESTER PARSONS

International is owned by Crum & Forster of which Mr. Parsons is president.

When Crum & Forster purchased International in 1918, Sumner Ballard was its president and the management was left in the hands of Mr. Ballard.

Augustus S. Hutchins, who has been a director of International, was elected chairman of the board. Mr. Hutchins is also chairman of United States Fire and of North River of the Crum & Forster group.

Mr. Parsons has been in the business nearly 56 years, starting as an office boy in the home office of United States Fire. When the firm of Crum & Forster was organized in 1896 he became a member of the firm and when the corporation was formed in 1907, he became vice-president. He was elected president in 1931 upon the death of John A. Forster.

International has transacted fire reinsurance business solely since its formation in 1909. At the close of 1940 it reported assets of \$6,519,908, capital \$1,000,000, and net surplus \$3,119,927. Its premium income for the year was \$2,397,961.

Washington Fire & Marine of St. Louis has filed application for admission to California.

Mortgage Guarantee Co. of Los Angeles has filed notice with the California department that it desires to withdraw from the state as a mortgage insurer.

the division; G. F. Neiley, manager Eastern Underwriters' Association, vice-chairman; E. M. Allen, executive vice-president National Surety, representative on directorate and G. A. Buckingham, of the New York Board of Trade, secretary-treasurer.

The annual Christmas party of the Drug & Chemical Club in New York will be held in its rooms the afternoon and evening of Dec. 22.

The Insurance Women of Topeka elected these officers: President, Margaret Lodge, C. G. Blakely & Co.; vice-president, Eileen Linder, Prudential Investment Co.; secretary, Virginia Taylor, Preferred Fire; treasurer, Florence Service, C. G. Blakely & Co.; directors, Marjorie Wilson, Meade Investment Co.; Lois Dreier, Brier Agency; and Esther McFall, National Fire.

Fleming Warning on Air Raids Accented by Events

American industry must be prepared to guard its production of vital defense materials against interruption by fire, even if the fire comes from the air, T. Alfred Fleming, director of conservation of the National Board, declared at the industrial protection school of the New Hampshire State Council of Defense in Concord.

Mr. Fleming urged industry to defend itself against ordinary fire hazards by the use of adequate and proper protective devices and the employment of competent watchmen. He suggested that all employees should be prepared to deal with incendiary bomb fires. "There may never be an air raid," he said, "but it is much better to be prepared than homeless."

"Industrialists have a double duty to perform in these times of defense production," Mr. Fleming said. "First, they must protect their plants against fire despite the general speeding up of production and the introduction of new processes. Second, they must be constantly alert to prevent sabotage and to cooperate with the F. B. I. in its investigations."

The speaker quoted an industrialist as saying recently: "Fire danger to our defense program has been seriously increased by the pressure for more space, more machines and equipment. We have been forced to use antiquated buildings, which are not equipped for the hazards of present-day processes. We have pressed into use machines which by disuse have deteriorated and may cause fire at any moment. We also face an unwillingness among managers to take time for improvements that would interfere with production. Our fire loss in industry will be largely dependent upon the interest taken by management in fire defense."

Importance of Watchmen

Because industrial fires increase sharply after closing time Mr. Fleming said that first-hand consideration must be given to the selection and training of watchmen. He termed the watchman "the most important person in your plant personnel," and continued:

"No manager, superintendent or foreman can produce if his plant is gone, and the watchman is the only employee who can protect that plant during the most dangerous period of each 24 hours."

"He stands shouldering the responsibility of protecting the investment, the product, the pay check of each employee and a share of the national defense program from destruction by fires. He should be carefully chosen, properly trained, able bodied, sober, trustworthy and loyal, keen in all his senses and especially fire conscious. He should be able to sense trouble and know immediately what to do in an emergency."

"Your fire fighting equipment should be checked daily. You should see that you are provided with the tools and extinguishers recommended for each particular hazard and see to it that they are near exits so that after everyone is safely out, they can be used to try to control the fire."

"A lot of us have failed to wake up to the present situation. We sit back complacently and say, 'It can't happen here.' Well, people of many nations in Europe said that, too, and where are they today? Industry must be prepared to fight fire both within and from without. There may never be an air raid but it is much better to be prepared than homeless."

"One bomber flying 200 miles per hour at 5,000 feet, shooting a stick of 10 to 15 incendiaries per second can strew its load and start a fire every 60 yards for a distance of over three miles in three minutes. If that happened, what would you do? Wait for the auxiliary or paid fire department, or are your employees trained and able to take care of the situation themselves? England

Freak Flood Claim Is Compromised in Cincinnati

The Western Factory has effected a settlement with the Princess Garment Company, Fashion Frocks, Inc., and Hartford Frocks of Cincinnati in connection with a claim arising out of loss suffered during the Ohio River flood in January of 1937. The assured made a claim under its Western Factory insurance for \$108,571. District Judge Druffel in February, 1939, directed the jury in the first trial to return a verdict for the Western Factory. He was later reversed by the United States circuit court of appeals and the case was remanded for a second trial.

The settlement was announced just after a jury had been empaneled in the court of Federal Judge Underwood in Cincinnati and the case was dismissed. It is reported that the settlement was for less than 40 percent of the amount claimed.

During the flood fire broke out in properties of Standard Oil Co., and Crosley Radio, near the plant of Princess Garments. The Princess Garment people claimed that they were directed by the authorities to get out of their building because of the threat of fire. They testified that when this order was given, they were in the midst of removing contents from the lower basement of their building to higher ground. Later much of the stock was damaged by flood waters which they claimed would not have happened except for being ordered to get out of the premises.

The Princess Garment policy contained a so-called civil authorities clause.

Observers say that there is an increasing tendency on the part of the courts to hold insurance companies liable when there is no actual fire damage but when a fire at a distance from the insured premises sets in motion other forces which can be regarded as the proximate cause of the damage, particularly where the policy contains a civil authority clause. For instance, there was a case in Massachusetts in which the insurance company was held liable where a fireman had gone on the roof of the building to fight a fire at a distance. He opened the skylight of that building and forgot to close it when his job was done. Later, rain entered the building through the open skylight and caused damage which the court held was a loss under the fire insurance policy.

1942 Detroit Insurance Telephone Directory Ready

THE NATIONAL UNDERWRITER has completed the compilation and printing of the 1942 Detroit Insurance Telephone Directory and copies are being mailed this week.

A new directory is published annually in December and brings up to date the names, telephone numbers and addresses of those engaged in all phases of the insurance business in the Detroit metropolitan area.

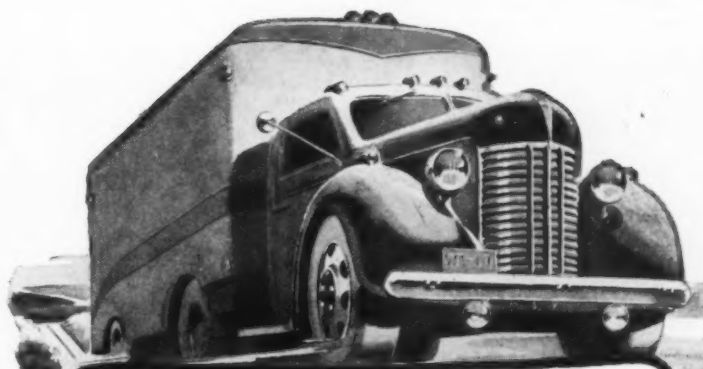
Additional copies of the directory can be obtained from THE NATIONAL UNDERWRITER's Detroit office, 1015 Transportation building, telephone Randolph 3994, or from the Chicago office, 175 West Jackson boulevard.

learned the lesson that every able bodied citizen must be 'bomb conscious' and able to handle them intelligently."

Mr. Fleming outlined the control of magnesium bombs by covering them with sand and also the use of a water spray to increase their burning rate so that they will be consumed in a few minutes instead of twelve to fifteen minutes, the time they usually burn.

"One lesson which cannot be over-emphasized," he concluded, "is that your employees should be trained en masse so that any situation may be met, whether from within or without."

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Postal *the business men's*
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Lessons from Losses Studied by Buyers

(CONTINUED FROM PAGE 4)

ticipants were F. H. Doenges, St. Louis, manager Fidelity & Deposit, on bonding; C. D. Minor, New York, educational director Royal-Liverpool, fire lines; C. B. Burch, Detroit, secretary Michigan Mutual Liability, casualty insurance, and J. A. Ross, Boston, superintendent boiler and machinery department Employers, power plant coverages. Since many large industrial corporations are represented at these meetings, the latter subject is always much more prominent than at the usual insurance convention.

Loss Discussion Big Hit

Depreciation, apportionments, use and occupancy and power plant losses predominated in the discussion of actual loss cases which featured both the morning and afternoon sessions on Tuesday. J. H. Nickell, Philadelphia, insurance manager Philadelphia Electric Company, represented the assured very vociferously in each case, while J. H. Burlingame, Jr., Chicago, assistant general manager Western Adjustment, R. H. Byrnes, New York, assistant secretary America Fore group, and Daniel Royer, New York, chief engineer Ocean Accident, analyzed the various losses. A mimeographed outline of the cases was distributed to the audience, which followed the discussion closely and stayed throughout both periods.

Mr. Fleming, who presided at the morning session and took part in the afternoon discussion, was an excellent leader, keeping both the participants and the audience on their toes by his pointed remarks. He displayed a thorough knowledge of all the coverages involved, and understood the problems thoroughly. Mr. Nickell made a splendid foil for him, contesting point after point with the insurance men, and a large part of the audience joined in the discussions.

Extended Coverage Apportionment

There was much interest in two windstorm losses, the property being covered by fire insurance with the extended coverage endorsement, fire insurance without this endorsement and windstorm insurance. Different relative amounts gave different answers. Mr. Burlingame emphasized that the assured recovers his loss in full if he carries as much windstorm coverage as fire insurance, under any combination of policies, but he is penalized on a windstorm loss if the total amount of windstorm insurance, under either the extended coverage endorsement or under a combination of extended coverage and windstorm insurance, is less.

LOSS EXAMPLES

One of the most interesting use and occupancy losses was one in which a coal mine lost explosive manufacturing equipment of foreign make, which could not be replaced because of the war. The shutdown loss was greatly reduced by using another, though less efficient, explosive temporarily and eventually resuming production of the original explosive by assembling substitute machinery. In this and other cases, Messrs. Burlingame and Byrnes pointed out that the insurer stands additional expenses to reduce loss, to the extent that the loss is reduced, and Mr. Burlingame said that in almost every case American manufacturers are ingenious at devising means of getting along in spite of disasters.

What Is "Accident"?

There were a number of power plant loss cases, and usually the question involved was whether the damage was caused by "accident" or was simply ordinary maintenance or whether the real or alleged "accident" actually impaired the functions of the insured object. Mr. Royer made the point that there is no recovery under use and occupancy and other indirect damage cov-

erages unless the loss is caused by an "accident" which would entitle the assured to recovery under direct damage insurance, if he carried it. The point where direct damage ends and consequential damage begins was raised in another question which provoked considerable discussion.

Another loss illustrated the operation of the "honesty clause" in reporting fire insurance forms, Mr. Burlingame indicating how this clause requires that the assured report his values in full as of the prescribed reporting date if he is to recover in full. This loss also illustrated that specific insurance is adjusted first, as though there had been no other coverage, with application of coinsurance and similar limiting clauses, and the balance of the loss is assigned to the reporting coverage. He also said that failure to report values accurately is a common source of trouble, some errors being accidental and others being due to a desire to save premiums, reduce taxation, etc.

Functional Depreciation

Several losses illustrated depreciation and provoked considerable argument as to whether functional depreciation should be considered in building loss adjustments. Mr. Burlingame maintained that it should, whenever factors such as obsolescence, undesirability of location, lack of capacity to accommodate the assured's business efficiently, etc., exist. Several examples showed how deferred maintenance items should be handled. In an interesting case of a partial loss to an old residence, Mr. Burlingame pointed out that neither physical or functional depreciation should be applied where the property is repaired, as long as it is not bettered. In this example, the only deductions from the cost of repair was the amount of betterment on certain items, such as outside painting and roofing.

There was considerable controversy over a loss involving non-concurrent policies, several speakers from the floor pointing out that the penalty to the assured was ultimately caused by his not carrying insurance to full value, rather than by the non-concurrency. A number of buyers severely criticized agents and companies for permitting these conditions to exist. In rebuttal, several insurance men pointed out that many assured will not permit an agent or broker to see other policies covering the same property.

Test of Solvency

Mr. Kenney said that even more attention than usual should be paid to the statements of companies under present conditions, because premiums are on the rise and both fire and casualty carriers are biting off large mouthfuls of business on which there is little or no experience to gauge the future. The picture is further complicated by a disappointing situation in the securities markets, so the companies are running a grave risk of repeating the trouble of 1932-34, when underwriting and investments went bad simultaneously.

For a fire insurance company Mr. Kenney recommended the ratio of unearned premium reserve to policyholders' surplus as a guide, suggesting a one to one ratio as sound. He took issue with theories that the unearned premium reserve should be added to the surplus in valuing a company, saying that the former is strictly a trust fund and comes into the picture in payment of losses only if the company has been declared insolvent.

A casualty company is more difficult to evaluate, Mr. Kenney said, and, because of its long term obligations, its statement is beginning to approach that of a life company, rather than a fire carrier. He suggested as the best guide the loss reserve record, shown under schedule P in the required statements, indicating whether the company has been underestimating or overestimating



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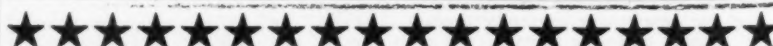
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its claims. If the surplus is only an insignificant part of the premium volume and underwriting results have been only mediocre over a period of time, the company is probably writing too much business for its size and should be looked upon charily.

BRITISH WAR PLANS

At the dinner, Mr. Foster, who was the sole speaker, explained the British government war insurance plans for civilians and civilian property. He said that they are based upon the principle that the risk should be spread equitably among the people and that the size and concentration of risks made war coverage impossible for private carriers.

Personal injury and death by enemy action are now covered by the government under a plan similar to workmen's compensation. Originally this protection applied only to members of civilian defense units and employed persons, as well as military and civil servants, but was later extended to all civilians. Benefits are moderate, but allowances to relatives are greater than under workmen's compensation. The workmen's compensation laws still apply to accidents from causes other than enemy action.

Real property, machinery, etc., is covered under an insurance plan established by the war damage acts of 1940 and 1941. Two previous commissions had declared the hazard uninsurable, but the legislation permitted retroactive coverage. Premiums are based upon the tax schedule of annual property rental values. The premium for the two year period to Sept. 1, 1941, has been set at 50 percent of the annual income value. It has not been established for the following year, but Mr. Foster said it is expected to be lower, as the fund shows a surplus.

Losses are payable at the end of the war, with 2½ percent interest, and are adjusted by the war damage commission. The basis of recovery is the value as of March 31, 1939, in order to avoid discrimination between safe and unsafe areas, to make the assured's recovery definite and to avert any complications from a possible inflation. Advances may be made up to \$2,400 to rebuild homes or reestablish businesses. Coverage is compulsory on all.

Coverage on Household Goods

Household goods and personal chattels are covered, under other legislation, without premium, up to \$800 for single householders, up to \$1,200 for married householders, plus \$100 for each child under 16 years and up to \$200 for individuals not maintaining households. More coverage up to \$40,000 may be bought, on a scale which increases with values. Insurance on business personal property is compulsory on values over \$4,000 and open to anyone, at a rate of 1½ percent. Commodities in excess of \$4,000 must be insured and this coverage is optional as to others. The rate is one-half percent per month and Mr. Foster said that at first every merchant raised prices 6 percent until it was pointed out that premium was not 6 percent on the total annual turnover and public opinion forced a change.

All these plans call for payment at the end of the war, with interest at 2½ percent, and with authority for immediate payments in case of need or national interest.

Mr. Foster said that the British government recognizes the foreign business of its insurance companies as a valuable asset and exempts loss payments from many exchange restrictions. The effect of the trading with the enemy act, he said, is that liabilities incurred before the outbreak of the war to enemy nationals are valid, but must be paid to the custodian of enemy property, but insurance in force was terminated and the insurer owed no return premium.

In answer to a question, Mr. Foster said that a claim payable after the war may be assigned or borrowed on as collateral. Another question concerned collection of premiums and he said that the tax authorities collect premiums on real

property and the fire insurance companies and Lloyds the personal property premiums.

The dinner finished on time for President Roosevelt's speech to be turned on in the hall.

Officers and trustees of the Cleveland Board were hosts at a dinner Monday night for early delegates to the conference.

Late Casualty News

Decide No Further Action Needed on Accident Policies

NEW YORK—The effect of the war on accident policies was discussed at length at the quarterly meeting here of the governing committee of the Bureau of Personal Accident & Health Underwriters, but it was decided that no immediate action need be taken.

About a year ago the bureau companies notified their field forces and inquiring policyholders that while injuries or deaths due to war were excluded from coverage, claims would be paid on members of the armed forces inducted from civilian life, provided the accident occurred in the United States and was not due to actual hostilities.

The executive committee of the Health & Accident Underwriters Conference also held a meeting here with W. G. Alpaugh, vice-president of Inter-Ocean Casualty and committee chairman, presiding. The effect of war on policies was discussed very briefly, the feeling being that the situation does not call for action.

That evening the committee gave a "gay '90s" dinner for the governing committee of the bureau. John M. Powell, president of Loyal Protective Life and conference president, was toastmaster.

Benton Harbor-St. Joseph Election

BENTON HARBOR, MICH.—John Lindenfeld of St. Joseph has been elected president of the Benton Harbor-St. Joseph Association of Insurance Agents. Other new officers are: Vice-president, Leo Rutz, Benton Harbor; treasurer, Willard Carpp, Benton Harbor, and secretary, Alta L. McCarthy of the Humphrey agency, Benton Harbor.

Buffalo Club Hears Tax Man

BUFFALO—Henry Seilheimer, district supervisor New York state department of taxation and finance, discussed the new automobile financial responsibility law at a meeting of the Buffalo Casualty & Surety Club.

Club members discussed action of the Michigan insurance superintendent notifying automobile dealers they would be violating state insurance laws if they issued insurance application forms without a license. Mr. Seilheimer said the state department is watching the situation closely.

Frederic E. Wheeler, club president, reported that the organization's three-day "emergency" school was a success, with 60 students taking the examination Dec. 4, after studying eight hours a day for the three-day period.

Damage to Auto Oil Pan

Question—I have an assured whose car collided with a steel stake which was set in cement. The driver was unaware that any damage was caused to the car at the time of this accident.

The following day motor trouble developed, and it was then learned that in

the previous accident the oil pan had been punctured.

Please furnish me with your opinion as to whether or not recovery could be made for the subsequent damage to the motor through the collision feature of the policy.

Answer—Troublesome cases such as you describe, where serious and expensive damage to the moving parts of a car follows damage to the oil pan, arise occasionally. Claim men are usually not sympathetic to these losses, many of them believing that it is at best highly improbable that a collision can or did cause the loss of oil.

It seems to us, however, that if the

assured can prove the fact that a collision caused him to lose the oil, the company is liable under collision coverage for any damage to the motor which can be ascribed to the loss of oil. Some claim men feel that this is not "direct" loss, but it seems to us that this is no more consequential than collision damage following a theft, which everyone admits is covered by a theft policy.

Admittedly, the facts are usually most difficult to prove and hence many of these losses have to be settled by a compromise.

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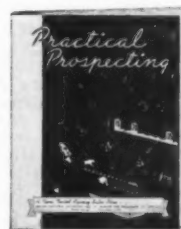
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Air Corps to Name Investigators in Materiel Division

A staff of investigators is maintained by the materiel division of the Air Corps to protect military information and air corps projects. These positions pay from \$3,200 to \$4,600 a year. To establish employment lists of investigators from which the War Department will make appointments, the Civil Service Commission has just announced an examination. No written tests will be given, but applicants will be rated on their education and experience.

Military information must be protected against loss by theft, destruction or sabotage. A part of an investigator's job in the Air Corps is to look into violations of laws, rules and regulations covering the handling of property and investigating persons suspected of participation in subversive activities. In view of the type of work performed, the plant visits and reports to be made, applicants are being sought who have exceptional personal as well as professional qualifications.

Experience in appropriate investigative work is required. This may have been gained in the investigation of criminal activities for a governmental agency or for a private agency whose operations were nation-wide in scope. Experience in the investigation of cases of property destruction by violence for a railroad or other industrial or commercial concern may also be accepted. For the two higher positions (\$3,800 and \$4,600 a year) a part of the experience must have been in administrative or supervisory positions which involved the planning of work for a group of employees assigned to investigative duties. Provision is made for the substitution of appropriate college or law school study for a part of the non-supervisory experience prescribed.

The commission calls particular attention to the fact that certain types of semi-investigative experience will not be considered qualifying for the examination. For instance, experience as a policeman, watchman, or private detective assigned principally to "roping or shadowing," will not be acceptable.

Persons who feel that their qualifications fit them for these positions in the Air Corps are urged to file their applications with the Civil Service Commission in Washington. Many appointments will be made as soon as possible.

Augusta Can't Handle N. A. I. A. Mid-year Meet

AUGUSTA, GA.—Local agents here have notified the National Association of Insurance Agents that the Bon Air Hotel in Augusta, which had been selected as the place for the mid-year meeting of the National association in April, will be unable to take care of the meeting because of complications arising from the national defense program. An army cantonment housing 30,000 men has been located adjacent to Augusta and the hotels here are filled up with families of soldiers. Furthermore, they were unable to carry through certain contemplated improvements due to defense priorities.

The selection of Augusta for the mid-year meeting at the annual meeting of the National association in Kansas City marked a successful culmination of nearly 15 years' effort on the part of Scott Nixon of Augusta to secure that meeting for his city, only to lose out at the last minute due to contingencies that were not foreseen at the time the selection was made.

In world war I the mid-year meeting was not held, owing to the war situation. There is no thought of omitting the meeting at this time, but the exigencies of the hour may change the program.

Rubber Salvage at Fall River Exceeds 3,200 Tons

FALL RIVER, MASS.—More than 3,200 tons of crude rubber, it is reported, have been recovered thus far from the ruins of the plant of the Firestone Rubber & Latex Co., swept by a conflagration in mid-October; and the work is progressing. At once the rubber is partly treated upon the ground it is shipped to the Akron plant of the Firestone Company for complete reconditioning. Underwriters interested in the loss are elated over the extent and condition of the recovered raw material, appreciating that the salvage will go far to reduce their earlier estimates of loss.

Missouri Hearing Recesses Friday; May Shift Inquiry Scene to Jefferson City

Without much change in the lines of inquiry developed, the Missouri fire rate case hearings being held in Chicago by Attorney-general McKittrick will recess Friday, to be resumed some time after Jan. 1. There was some indication that the scene of the hearings will shift to Jefferson City, Mo., after the first of the year, with witnesses from Chicago going there to appear.

The attorney-general expects to call Herbert A. Clark, vice-president Firemen's and president Western Insurance Bureau, and Russell D. Hobbs, manager Western Actuarial Bureau, in January. Charles F. Thomas, manager Western Actuarial Bureau, has been on the stand for some time, and was expected to continue as a witness through Friday.

Contacting Western Managers

McKittrick's assistants have contacted some of the western department managers, but attorneys for the companies have called attention to the Missouri supreme court code of ethics which prohibits attorneys for one side of a case questioning clients on the other side except in the presence of clients' attorneys. This procedure will be followed, Robert L. Hyder, assistant attorney-general, indicated. He is conducting the hearing the last few days, since McKittrick returned to Jefferson City.

Hyder indicated his office desired to call on C. H. Smith, associate manager Hartford and member of the governing committee of Western Underwriters Association; E. A. Henne, vice-president America Fore and chairman Subscribers Actuarial Committee; S. M. Buck, vice-president Great American and member of the W.U.A. governing committee, and possibly others to inspect correspondence relating to the Subscribers Actuarial Committee or other committees dealing with Missouri business.

Take Up Correspondence

Hyder and McKittrick have been putting into the record letters to and from Mr. Thomas, along with Missouri rule book changes on the same subjects. Attorneys objected sharply because of the irrelevancy of the subjects covered by the letters, saying they have nothing to do with Missouri. Hyder argued that the acts referred to show existence of an agreement applied to Missouri from time to time, in violation of the state anti-trust act.

Harry L. Grider, manager Western Factory Association was called as a witness during the week. McKittrick asked for access to the Western Factory files, records, minute books, correspondence, and documents to show the nature and scope of the association's relations with the Western Underwriters Association, Subscribers Actuarial Committee and other groups. Mr. Grider said it would require an act of

the executive committee to permit such access, and he said he would ask the committee to act.

N. J. Supreme Court Upholds Insurer on Rain Policy

The supreme court of New Jersey has held for the defendant insurance company, Eagle Star, in a case involving rain insurance, reversing the lower court. Abraham Manley, who operated a baseball club scheduled to play a game at Ruppert Stadium, Newark, the evening of Aug. 6, 1940, bought a \$500 rain policy from Eagle Star. The policy was to indemnify him against loss by rainfall between 7 and 10 p. m. "in the event of one-tenth of an inch of rainfall recorded at Newark airport" in the period covered.

Two Conditions Are Noted

In reversing lower court the supreme court held that two things must have occurred to make the defendant liable: Loss to the plaintiff incidental to the baseball game and caused by rainfall, which was proved, and the amount of rainfall as measured at the place selected by the parties in the contract, the Newark airport.

Testimony by the defendant showed

Dec. 1 Values to Be Used in 1941 Statements

NEW YORK—All stocks and bonds will be carried at Dec. 1, 1941, values with the exception of federal bonds, the committee on valuation of securities other than real estate of the National Association of Insurance Commissioners decided after a lengthy session. Valuation of Canadian securities was a subject given considerable attention and it was stated that the Dominion government has made available facilities for the payment of claims in American currency.

that only .07 inches fell at the Newark airport. The plaintiff produced evidence by another weather observer, who testified that .22 inches had fallen at the time.

The parties selected the spot at which the rainfall was to control, and it was incumbent upon the plaintiff to produce evidence that the rainfall at that point amounted to one-tenth of an inch as specified in the policy, the court held.

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KANSAS CITY,
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Tokio, Meiji, Sumitomo Are Being Seized

NEW YORK—With the formal declaration of war against Japan by the United States, the act of 1917 prohibiting trading with the enemy became operative. This will mean seizure of the several Japanese insurance companies here, by the New York department, and doubtless their later transfer to the federal government. The offices affected are Tokio Marine & Fire, Meiji and Sumitomo, all three of Tokio. As these institutions virtually ceased operations here months ago, their funds were frozen under executive order from Washington, and will so remain.

The American Foreign Insurance Association, formed in 1918 and embracing in its membership a number of leading American fire companies, operating under the general direction of Harry Austin, lost virtually all of its Japanese business months ago, when the government of that country "recommended" the coverage be given instead to Japanese institutions instead. Its China business, too, has been largely shot as one result of the disturbed conditions in that country for the past four years. It still maintains offices in Shanghai and Tientsin; James Nichols, manager for China, making headquarters in the former city, with T. B. Brown, Jr., as manager at Tientsin. Both men were still at their posts at latest accounts. Mrs. Brown and their child, however, returned to this country some months ago, and are living in California. Mr. Nichols is unmarried.

W. W. Glass, who represented the association in Japan for a considerable period, was recalled some six months ago, when conditions in the island became such as to make the transaction of further business by American carriers virtually impossible.

The A. F. I. A. has a very substantial business throughout the Philippine Islands, for which territory E. E. Elser, of Manila, is general agent and Anthony Muldoon, field representative.

Government Makes Loans on Rice; Insurance Required

The Arkansas Fire Prevention Bureau has issued rates and regulations for writing insurance on rice pledged for loans made by the Commodity Credit Corporation. The rate is 40 cents per \$100 for the state. This is the rate which has been applicable to other grains on the farm insured by the farmer under the Commodity Credit Corporation program. Regulations are also similar to those that have been applicable to other grain.

The Commodity Credit Corporation just recently started making loans on rice. Regulations covering such loans came out before those on corn under which the insurance requirement in connection with corn loans was eliminated by the CCC. There is considerable rice grown in Arkansas, Louisiana, Mississippi and Texas, and a small amount in Missouri.

Donald Kirkpatrick, general counsel of the American Farm Bureau Federation, in giving an address at the insurance conference of the federation in Chicago Monday, spoke about the action of the Commodity Credit Corporation in doing away with the requirement that the borrowers carry insurance on sealed corn. He said that in Illinois the loss ratio under this insurance had been 5.5 percent. He said the fact that this insurance has been done away with is in a sense a reflection upon the mutual companies, for if they had been operating along the lines of true mutuality they would not have permitted themselves to collect a rate that would produce such a low loss ratio.

Sell more accident with "Why Disability Insurance" booklets. 100 copies \$2. Order from National Underwriter, 175 W. Jackson Blvd., Chicago.

Agent Wins Issue on Countersigning

TULSA, OKLA.—J. J. Jackson was awarded judgment in the district court here for \$69,008 against Aetna Fire for countersigning commissions in connection with certain automobile finance business. The case was presented on a stipulation in which Aetna Fire admitted the countersigning by Jackson of three master policies, as alleged by Jackson, and also admitted the amount of commissions involved but contended it owed Jackson nothing because, as it claimed, the law under which Jackson claimed had been repealed. The case seemed to rest on two acts of the Oklahoma legislature. In 1915, the legislature enacted a law requiring all policies issued by foreign insurance companies covering Oklahoma property to be countersigned by an Oklahoma policy writing agent, which agent should receive the full commission allowed by the company and no part of which could be divided with any non-resident agent or broker. In 1917, the legislature enacted what appears to be an amendment to the 1915 act which permitted Oklahoma agents to divide their commissions with non-resident agents and brokers. Aetna Fire contended the 1917 act repealed that of 1915 and, for that reason, it was under no obligation to pay Jackson any commission whatever. The trial court held that such was not the case. The case will probably be appealed.

A. Flint Moss and Phil Davis, Jr., represented Jackson, and Ray S. Fellows and Robert D. Hudson represented the insurance company.

Details Given of H. V. Smith Educational Fund

Details of the Harold V. Smith Educational Fund, Inc., which has been established for the purpose of extending financial aid to worthy college students, were made public at the offices of Home of New York. Announcement of the formation of the fund by officers of Home in honor of President Smith was made last Sept. 17 on Mr. Smith's 52d birthday.

The fund will loan a maximum of \$300 a year to students of talent and ability who lack the financial means to complete their college education. These loans will be made to students who are now in college and who have not been able to meet all expenses by scholarships or other means.

Pointing out the responsibility of society to provide adequate educational facilities to students of promise, the statement said the founders of the fund hope to reduce the number of able students who annually leave schools of higher education due to insufficient financial means. In order to insure a revolving fund which will be able to extend financial aid to students in years to come, loans will be made at a moderate rate of interest. Thus the fund will be self-perpetuating, while at the same time students who borrow from the fund will develop a sense of the importance of contractual obligations. The two primary considerations in granting loans, it was stated, are whether the loans will really help the student in obtaining a college education and whether the character of the applicant indicates that he will live up to the terms of the contract and repay the loan.

Loans will be extended to the maximum of \$300 a year, with a total limit of \$1,000, to any individual student. Any able student, regardless of sex or of the profession he or she intends to enter, is eligible to apply to the fund for financial aid. When a student discharges his debt to the fund a character certificate, which may be used as a reference, will be awarded to him.

Erwin E. Reynolds, who is secretary and executive officer of the fund, has been connected with institutions of learning in this country and abroad. He holds an A.B. degree from the Univer-

sity of California, an M.A. from Harvard, Carnegie Fellowship, Yale, and LL.B., Columbia University.

Details of Large U. & O. Loss on Coal Mine Tipple

LOUISVILLE — Some interesting coal mine use and occupancy losses have been settled recently, including what is believed to be the largest. A tipple at the C. H. Mead Coal Co., East Gulf mine, Raleigh, W. Va., burned Sept. 23, 1941. Fire insurance was \$695,000, on which the loss was \$155,000, with Franklin National having 50 percent, North River, 25 percent; Royal, 12½ percent; Pennsylvania, 7½ percent, and Home of New York, 5 percent.

Aetna Fire had \$400,000 use and occupancy, on which it paid \$311,000. The loss was reported at \$532,000, sound value \$857,000. Basis of settlement was given as six month total and four months partial.

Lenihan & Co., Cleveland, were brokers on the U. & O., and Lee Paull Co., Wheeling, W. Va., the agents. The Fire Companies Adjustment Bureau handled adjustment for the companies on the fire schedule with Fred G. Tucker and John G. Bruce handling the

R. M. Perce in Albany Post of Atlantic Mutual

Atlantic Mutual announces that Robert M. Perce has been placed in charge of its Albany office for eastern New York state outside of New York City and suburban. Before joining Atlantic Mutual last August Mr. Perce was Chicago manager of Dearborn National and before that was connected with the agency and brokerage firm of Starkweather & Shepley there.

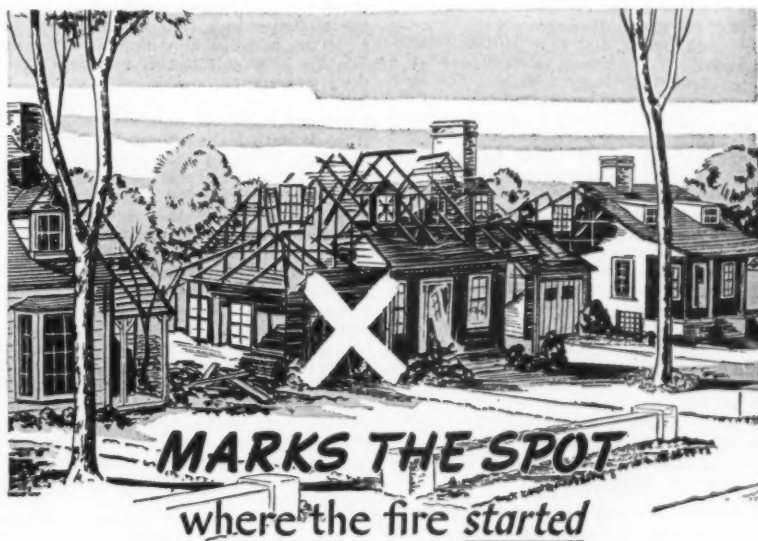
Woolsey M. Wheeler, who has been in charge at Albany, is being transferred to Boston.

details. Prentiss B. Reed handled the U. & O. adjustment for Aetna.

Ponder, Hart & Co., Louisville, represented assured on this loss as it did in connection with collection by the New York Coal Co., Chauncey, O., of \$35,000 U. & O., following an \$82,000 tipple fire loss, Oct. 10.

Coal companies are becoming larger and larger users of U. & O., due in part to the seasonal nature of their business and also to the time required to get back into production.

Order Direct Reading Rate Finder & Cancellator, \$2, from National Underwriter.



Should an assured's home be damaged by fire, the fact that the fire started in the house next door is little consolation. No matter how careful he may be — no matter how many sensible precautions he may take — all his forethought may be nullified by a careless neighbor.

Adequate fire insurance on his home and contents, there-

fore, is a modern necessity. It is not merely a safeguard against disaster in his own home or business — it is a protection against the negligence or carelessness of others.

Phoenix-London agents use this thought to good advantage in impressing assureds and prospects with the need for complete fire insurance protection.

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War Pall Hangs Over the Meeting of Commissioners

(CONTINUED FROM PAGE 3)

were added to the accident and health committee, Wisconsin to the fire committee, Utah to the fraternal committee, Michigan to the examinations committee, and Maryland to the workmen's compensation committee. Actuary Gamble of Texas was added to the blanks committee.

Committee on Resolutions

The committee on resolutions consisted of Julian, Alabama, chairman; Graves, Arkansas, and Duel, Wisconsin. It was announced that the committee on illegal underwriting practices and allocation of premiums consisted of Pink, New York, chairman; Bowles, Virginia; Julian, Alabama; Duel, Wisconsin; Jones, Illinois, and Morin, Rhode Island.

The stirring message of President Roosevelt was heard over the loud speaker, both in the meeting rooms and in the grand ballroom where the luncheon was served. Those who listened applauded the dramatic utterances the same as those who heard the chief executive in Washington.

Examinations Report

Considerable discussion developed at the meeting of the subcommittee on examinations which offered a number of suggestions to solve the problems of securing uniformity of the blank on which examination reports are made and to make a study for the purpose of determining the minimum qualifications of examiners. It was decided that the material be referred back to the subcommittee of which McCormack of Tennessee is chairman, and that definite recommendations be made in a report at a later date, with it as a basis. The subcommittee merely presented the suggestions it had received and made no formal report. Confidence was expressed at the meeting that the calibre of examiners is continuously improving and that much progress is being made under the convention type of examination.

The full committee on examinations met in executive session and adopted a resolution but released no information on it pending presentation at the final convention session.

On Monday noon the New York insurance interests were hosts at a luncheon at which A. P. Sloan, head of the General Motors, spoke. On Tuesday Equitable Society was the host. The ladies were given a luncheon and bridge party at the Biltmore Tuesday noon.

MAIL COMPANIES

In an effort to keep before the commissioners and the legislatures the need of laws to curb companies which use the mails to sell policies in states in which they are not licensed, Chairman Holmes (Montana) of the taxation committee appointed a subcommittee headed by Thompson of Oregon to keep in touch with the commissioners of states which have not enacted such laws. There are seven states which have them. The subcommittee will get in touch with commissioners at the time their respective legislatures are convening. Other members of the subcommittee are Burt of South Dakota and Caminetti of California.

In conversation some mentioned the desirability of some sort of amendment which would prevent a law of this type working a hardship on organizations like Illinois Commercial Men's Association, which are not a source of complaints and which do practically all of their solicitation through their membership. The type of companies aimed at are those which require that the insured, to collect a claim, must have been riding due east, on Good Friday, accompanied by a red-headed woman with a wart on the right side of her nose and be gored by a bob-tailed bull blind in the left eye and with the right horn missing, as Sims of West Virginia picturesquely characterized these contracts. Mr. Sims

said that one of these outfits sent him a sample policy with his wife's name given as Mary Jane Sims—and he is not married.

The Western Conference of Insurance Commissioners presented to the taxation committee the plan for allocation of marine premiums that it brought up at the executive committee meeting Sunday. Speaking for the plan, Thompson of Oregon pointed out that the 11 western commissioners had found there was no uniform procedure on allocation of marine premiums among insurers, that the states and insurers, including those in the east, would like to see a uniform procedure brought about.

On motion of Gough of New Jersey the committee voted for the appointment of a subcommittee to investigate the matter and report back at the June meeting. Mr. Holmes appointed Thompson of Oregon chairman, other members being Pink of New York and Gontrum of Maryland.

At the beginning of the Tuesday morning session President Alfred MacArthur of Central Life of Illinois was called to the rostrum by President Hobbs and in some remarks of a highly humorous nature he presented Commissioner Holmes of Montana with a shillelah which he had gotten from the Irish Industries. Mr. Holmes is sergeant of the convention and this is his badge of office. It was properly engraved and on the silver band appears: "Order is Heaven's First Law." Mr. Holmes responded with true Irish humor that kept the audience in a roar of laughter. He gave his address in which he criticized salaries paid convention examiners and their sustenance fees.

A telegram was received from R. W. Forshay, Anita, Ia., president National Association of Insurance Agents, assuring the convention that the entire agency force of the country is behind the nation in its war policy. Recognition was properly made of the death of J. C. Ketcham, formerly Michigan commissioner.

Equitable Society was host to all attending the convention at noon Tuesday, arrangements being made by R. J. Starratt. President T. I. Parkinson and executive Vice-president W. J. Graham headed the company officials at the luncheon. P. J. Francis, Maine insurance commissioner, wired that, owing to illness, he was unable to be present.

Read of Oklahoma reported for the examinations committee, stating that hereafter no one shall participate in a convention examination unless he is regularly and officially assigned. Home of New York entertained the commissioners and their staffs Tuesday evening at a buffet dinner.

The committee on laws and legislation met Wednesday morning with Fraizer of Nebraska presiding. The members considered a proposed law introduced at the annual meeting providing that if a domestic company does business in another state unlicensed and obtains its business by various forms of advertising the home commissioner has the right to revoke its license. A letter was read from the organization of commercial travelers companies that are only licensed in their home states and get business largely by influence of members, objecting to the measure. Some of these have been doing business for 50 years. The suggestion was made that these particular institutions might be excluded.

Weinstock of California stated its law provides that if a domestic company violates the law of another state its license can be revoked. Jordan, District of Columbia, raised the question of constitutionality of the proposed statute. Thompson of Oregon said the proposed bill was drafted by an attorney of the Oregon department after study of existing laws and decisions. It was voted to appoint a subcommittee to carry on an educational campaign of cooperation

among the commissioners in an attempt to have them exercise moral suasion and also to make a study of possible legislation. It consists of Thompson, Oregon, chairman; Burt, South Dakota, and Caminetti, California.

It was decided to appoint a committee to keep in touch with federal and state agencies dealing with defense and sabotage matters in order to see whether the commissioners can cooperate or help. This will have to do largely with fire prevention. It consists of Gontrum, Maryland; McCormack, Tennessee; Sullivan, Washington; Jordan, District of Columbia; Johnson, Minnesota.

Harrington, Massachusetts as chairman of the executive committee, reported that it is endeavoring to make the association more efficient through its committee. During the war period, meetings will be devoted strictly to business matters.

Blackall of Connecticut as chairman of a committee to confer with the Navy and War departments, reported the committee was asked to give an opinion as to whether foreign casualty companies should participate in any defense project. It merely reported that in its opinion these companies were financially responsible but it felt it inadvisable to make any recommendation.

Harrington of Massachusetts offered a resolution opposing Congress passing any law or any ruling of federal authori-

ties that attempts to regulate or fix insurance rates, thus superseding state laws even in the present emergency. It was referred to the executive committee with power to act.

The committee on cooperation with government agencies on the defense program, headed by Blackall of Connecticut, did not hold its scheduled meeting since virtually all the problems have been taken care of by correspondence. However representatives of the Navy Bureau of Docks & Yards, the Federal Works Administration and Maritime Commission were on hand to confer with the commissioners.

Pink New York as chairman of the committee on dividends of mutual fire and casualty companies reported as follows:

"The purpose of this committee, which was appointed at the June, 1941, meeting, is to study the question of dividends on all forms of participating policies with a view to assuring correct allocation to proper classes.

"Although the purpose is quite clear the assignment is a difficult one because of the scope of the work involved. It is a subject with many angles, not the least of which are the competitive aspects and the underlying rating methods and practices in the fire and casualty fields. Your committee must necessarily limit its suggestions to an outline of general standards for the authorization and payment of dividends.

"In theory at least, dividends represent participations or shares in earnings. It must be presumed that such earnings flow from the excess of prem-



Surrender of Burgoyne at Schuylerville (Old Saratoga) October 17, 1777. From a painting by YOUNG in the historical collection of the Glens Falls Insurance Company.

Think AMERICAN

The liberty, the independence, the very existence of a people or nation are not always won or lost upon the battlefield. To apply common sense to our everyday problems, to keep both feet on the ground, to refuse to cast off the old for something new and untried, to think American is the duty of each and every one of us. If we devote our thoughts, our speech, our influence to these aims, we will win our major battle for a people united in thought are forever free.



Glens Falls
INSURANCE COMPANY
Glens Falls, N. Y.

COMMERCE
INSURANCE COMPANY
of Glens Falls, New York

Glens Falls
INDemnITY COMPANY
of Glens Falls, New York



iums earned and investment income over the losses and expenses incurred after making adequate provision for reserves and other liabilities.

"Experience and management play important roles in the ability to pay dividends. It is not only customary but desirable that they be paid out of the current year's earnings. It is also desirable that there be a continuity of dividend returns and that they should not be subject to wide fluctuations from year to year. This is particularly true of companies with a long dividend history in the interest of keeping the company on an even keel without disturbing its outstanding business. There may be times when it is not possible to maintain a stable dividend policy unless resort is made to the divisible surplus already accumulated. In those cases where it is not possible to distribute dividends out of earnings in any one year due to some exceptional or unusual circumstances not likely to be recurrent and where such payment out of the divisible surplus would not materially weaken the security to policyholders or contravene minimum surplus requirements it would seem desirable to permit payment. Indeed it may be forcibly argued that one of the purposes of divisible surplus is to meet just such a situation.

Dividend Classifications

"In establishing classifications for dividend purposes in the fire and casualty fields differences in earnings and rate levels in the major kinds of insurance are generally recognized. Fire companies, for example, usually provide separate apportionments for fire, inland marine, motor vehicle and other allied lines. In the casualty field the same is true in the case of Workmen's Compensation, automobile and other major classes. Territorial differentials have also been recognized particularly where there is a definite variation in experience resulting from underlying factors in the rate level.

"It is not unusual for the fire companies to have more than one dividend classification within a major kind of insurance. It is also well known that the rate structure in fire insurance lends itself to markedly different loss ratios as between different risk classifications. There is also an element of variation in the commission scales.

Practices in Casualty End

"In the casualty field the rating structure is more closely and scientifically related to insurance cost for the various risk classifications. Companies on a participating basis generally pay dividends at uniform rates to all classes of risks within a major kind of insurance.

"The committee has not attempted to reach any final conclusions but it does submit for further consideration by the association the following suggestions as general standards in connection with the authorization and payment of dividends:

"1—No dividend should be paid except out of earned surplus.

"2—Before declaring any dividend to policyholders provision should be made

for all prior obligations including the setting aside of such amounts as may be deemed necessary and reasonable for surplus and voluntary reserves.

"3—No dividend should be declared or paid if the consequence thereof would be the impairment of any required surplus to policyholders.

"4—Insurers should be permitted to establish dividend plans and reasonable classifications of risks within major kinds of insurance giving recognition to the relative experience and earnings attributable to such classes of risks.

"5—The apportionment of earned surplus and the distribution of dividends should be made in an equitable manner and should not be unfairly discriminatory as between risks involving essentially the same hazards, expense elements and basis of rating.

"6—Insurers which for dividend purposes establish separate classifications by territorial divisions should segregate their experience accordingly.

"7—The annual statement of each participating insurer should contain a summary of the rates and amounts of dividends paid during the year.

Home State Control

"Subject to reasonable and inherent supervisory powers, the law of the home state should control with reference to dividend practices and the distribution of dividends.

"As previously indicated, there are other aspects bearing on the dividend situation which cannot be overlooked. One is the matter of rates. Until there is some real stabilization of the rating structure on a nation-wide basis applicable to participating and non-participating companies alike the matter of substantial equity in dividend practices is likely to remain unsettled. Although dividend practices can no doubt be employed to mitigate the inconsistencies and inequities of a rating structure lacking in uniformity and stability, this method of approach overlooks normal competitive characteristics and the need for curative and regulatory processes at the base. That base is the rating structure which should include the requirement of charging reasonable though adequate rates and the prohibition of unfair discrimination.

"Any suggested standards for dividend authorization and distribution should fairly contemplate a sound and equitable nation-wide rating system.

"It is the committee's impression that the rating structure or lack of it is the basic element in the dividend picture and that a thorough study of this element will more readily point the way to what is right or wrong in dividend practices."

Public recognition was given in a resolution to J. V. Barry, former Michigan commissioner, and Joseph Button, former Virginia commissioner, the siamese twins, who were both present.

The report of the committee on valuation of securities submitted by Pink was as follows:

The committee considered it advisable to adopt the date for valuation purposes

of all classes of securities in place of the two dates, Dec. 1 and Dec. 31, as in previous years. It was decided that the adoption of Dec. 1 for all classes of securities would materially expedite the completion and publication of the book of security values for use in the annual statements. The following resolutions were unanimously adopted:

"Resolved, that the two paragraphs of the first resolution adopted by the committee and approved by the association on June 11, 1941, be eliminated and one paragraph reading as follows be substituted in place thereof:

"Stocks and bonds shall be valued at market quotations as of Dec. 1, 1941, except that in the case of securities not quoted on that date the latest available information shall be used. Stock valuations shall include accrued dividends on preferred stocks and dividends declared or accrued on all stocks.

"Resolved, that the paragraph numbered 3 of the second resolution adopted by the committee and approved by the

association on June 11, 1941, be amended to read as follows:

"3. Stocks acquired after Dec. 1, 1941, should be valued at actual costs. Stocks acquired on or before that date should be valued as shown in the book of valuations of securities except as hereinafter provided."

The report of Commissioner Harrington, chairman of the sub-committee on amortization of bonds, was received and read as follows:

"A meeting was held at the office of the New York insurance department Oct. 3, 1941. It was decided at that meeting to confer with Mr. Griffin of Moody's starting Dec. 15, 1941, in order to determine what bonds are amortizable. It is recommended that Superintendent Pink be authorized to make the necessary arrangements with the printer to have the amortization pamphlet prepared and distributed to the same parties and in the same number as the book of security values.

(CONTINUED ON PAGE 35)

OBSERVATIONS



of the Old Man

*"God grants liberty only to those who love it,
and are always ready to guard and defend it."*

—DANIEL WEBSTER.

Next in importance to man's struggle to guard and defend his liberty, has been his instinctive fight to own property—to acquire more and more possessions that will provide a richer, happier life! And fire insurance, one of the greatest forces in the preservation of property, guards against an ever-present threat to the things he holds dear.

Under the present National Emergency, alert agents must increase their

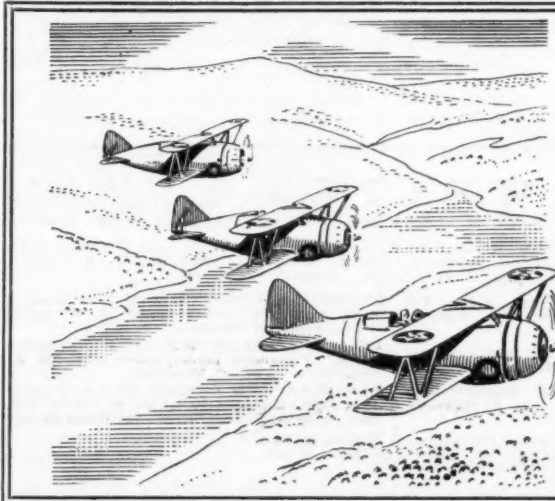
efforts to spread the benefits of fire insurance and its allied lines to every American home and industry. Loss from windstorm, explosion, business interruption, riots and many other perils con-

stitute greater danger today, due to rising replacement costs.

The New Hampshire and Granite State Fire Insurance Companies are cooperating with agents to further the success of their efforts—are ready to help analyze problems, and to aid in developing a sound insurance program that will meet today's needs of every prospect!

**NEW HAMPSHIRE
FIRE INSURANCE CO.**
Manchester, N. H.
ORGANIZED 1869

**GRANITE STATE
FIRE INSURANCE CO.**
Portsmouth, N. H.
ORGANIZED 1885



Stock Insurance Agents

ADVOCATES OF
AMERICAN PREPAREDNESS

BEFORE THEY CAN TAKE OFF, many important parts—each essential to the whole—must be manufactured and often brought from widely separated localities! ¶ All along the line of production—as well as in their transportation—these necessary materials are exposed to countless risks, some of them serious enough to cripple American defense! ¶ By fighting for adequate insurance protection against such risks—and by vigorously co-operating with local fire defense committees—the Stock Insurance Agent is contributing his share to National Defense!



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EDITORIAL COMMENT

Meeting the Changing Needs

In a remarkably illuminating address given by Will S. Ellis, assistant manager of the Chicago branch of the Royal-Liverpool group, before the Chicago Examiners Association, he referred in passing to the necessity of insurance meeting the demands of the hour and take its place in the forward looking enterprises of the world, being elastic enough to change with the conditions of the times, maintaining its fundamental principles and foundations but altering the superstructure as new conditions arise.

He was speaking primarily of use and occupancy insurance and the unusual demand for that coverage on account of the huge defense industry. Many companies are shying at this insurance fearing that they may be facing trouble. Mr. Ellis' position was that insurance should be geared to meet every demand that the government makes or need that arises so far as property coverage is concerned.

Unless private insurance companies have within themselves the desire and

capacity to conform to governmental demands so far as their industry is concerned, then the natural course for the government to pursue would be to establish a government fund. Perhaps today the federal government is more inclined than ever to regard insurance as more or less of a social obligation which it must fulfill if private enterprise is unwilling to cut its cloth to fit the occasion.

We are accustomed to drastic changes in the economic and business world. We have been treated during the last 30 years with the peaks and depressions and about all the problems that could be imagined.

Mr. Ellis believes that the insurance industry should never become adamant and refuse to budge when a reasonable demand is made. If people cannot get the protection they desire then naturally they will look to the government to supply what private enterprise fails to do. It is highly necessary these days to watch the weather vane at Washington. The division between private and government risk in war time is important to watch.

Responsibility of an Agent

A company executive was asked the other day by an agent what he considered the most important factor of the producer to make him be of greatest service to his clients. It so happened that while the conversation was taking place a physician came to the office, a client of this agent. The agent introduced the executive and the doctor in a passing word said that he left everything to this agent and had implicit confidence in him that he would see that he was protected at all vulnerable points.

The physician departed and the executive said to the agent, "I was greatly impressed at what the doctor said about you. He looks upon you as his insurance counsellor. He places all faith in you. He believes in you and your insurance and feels that you have adequate knowledge to make you a top man. He takes comfort in believing that you are looking after his entire needs. I hope that you appreciate the full responsibility that is placed upon you. It is not a light one. A local agent in his relationship with his assured certainly needs to be fully cognizant of what the policyholder expects of him."

The agent agreed with the executive and said that he supported entirely what he had said. Then the executive asked him in case of this physician whether he had arranged to insure his equipment

and instruments while out of the office against any form of loss. The agent acknowledged that he had not. The executive told him that he, therefore, felt that he was negligent in his duties. Nearly every medical man or a surgeon, the executive said, had instruments that he carried often with him, took them to the hospital, etc. Some of these were quite expensive. If there was a loss and the physician found that he was not covered he would feel that the agent had been very remiss in looking after his insurance affairs. At least the agent should have brought the matter to his attention so that complete coverage should be considered.

The executive remarked that an agent should make a survey of every insurance need of his clients. He should leave nothing undone. He should lay before every policyholder his recommendations. A survey should bring out any weaknesses in the program. Every agent, the executive said, should be an expert in surveying a client's insurance needs.

Furthermore, the executive told his agent, that he should not neglect even those paying small premiums because in the future they may be in a position to pay much larger ones. They may become important insurance buyers.

The agent who appreciates his re-

sponsibility will agree with the executive that no stone should be left unturned to see that as far as possible the recommendations brought out by the survey are met. The agent should do his

part. If the assured disregards any of the recommendations the agent has it down in black and white so that he cannot be held responsible for neglect or carelessness.

Rules Made of Tough Rubber

It is well that we have organizations and rules and pledges established by them for the welfare of their members. Sometimes it is necessary to stretch a point in the utmost good faith. As one

insurance man puts it: "Rules should be made of tough rubber—to stretch under pressure of exceptions but to snap back into shape as soon as the pressure of the exception is released."

PERSONAL SIDE OF THE BUSINESS

Franklin P. Adams, well known New York City columnist, having conducted the "Conning Tower" column for many years, was formerly a Chicago newspaper man and before that in insurance work there. He started his career with the agency of A. Loeb & Sons in that city, as a clerk. Then he joined the Equitable Life of New York agency in the city. He sold life insurance for a time until he became a newspaper reporter. One of his earliest life insurance policyholders was Allan I. Wolff of the Associated Agencies in Chicago, former president National Association of Insurance Agents, who bought an Equitable policy. Mr. Wolff became acquainted with Mr. Adams while the latter was with the Loeb office. Mr. Wolff at that time was connected with Witkowsky & Affeld.

John P. Crawford of Oklahoma City, special agent of Home, was badly injured in an automobile accident when his car turned turtle near Frederick, Okla. He will be obliged to remain in the hospital for at least a couple of weeks.

Mrs. Reynolds Barnum, whose husband is president of the Kansas City Association of Insurance Agents, has been confined to St. Luke's Hospital for several weeks. Her condition is reported to be rather serious. Mr. Barnum served as local convention chairman during the annual meeting of the National Association of Insurance Agents in Kansas City.

Cliff Johnston, secretary of the Kansas City Association of Insurance Agents, is recovering at Research Hospital in Kansas City from a gall bladder operation.

Commissioner Bowles of Virginia, who has been confined to his home in Richmond with a mild case of influenza, is now convalescent.

H. V. Godbold, Jr., vice-president of the H. V. Godbold Company agency in Richmond, Va. and Miss Mary Martha Nokely of that city are to be married there Dec. 11. Mr. Godbold was with Zurich in Chicago for several years before becoming associated with the Godbold agency.

Miss Mary L. Miller is resigning from the Hubbard-Dudley Co. agency of Battle Creek, Mich., effective Jan. 15. She has enjoyed a wide acquaintance among the insurance fraternity for many years. N. E. Hubbard and L. A. Dudley operated separate agencies for many years, and merged in 1930. Miss Miller first went to work for Mr. Hubbard in 1900,

and went along in the merger. She enjoys fair health but her doctor has advised her to take a rest and she has decided to retire. She will remove to Detroit where she has property interests.

David G. Mulligan, chief underwriter for Central Fire of Baltimore and president of the Insurance Men's Association of that city, was married to Miss Kathryn Fahey, daughter of the late Prof. James A. and Mrs. Gertrude Fahey. They are in Florida on their wedding trip. Mrs. Mulligan is a niece of P. R. Fahey, veteran editor of the "Aetna-gram," which he has got out of the Aetna Life companies in Cleveland for 22 years.

Jerome P. Bowes, Jr., vice-president of W. A. Alexander & Co. and head of Bowes & Co. in Chicago, has been elected president of the Exmoor Country Club near Highland Park, Ill. During the past year, Mr. Bowes had been vice-president.

Frederick S. Fried, for 11 years in the investment department of National Fire, has resigned, effective Jan. 15, to become vice-president and assistant manager of the Sisson Drug Company of Hartford. He has been a director of the drug company since 1940.

Rauland P. Smith of the Walter F. Smith & Co. agency of Trenton, N. J., has returned from a three weeks vacation trip to Mexico City. He went to San Antonio by rail and then rented an automobile for the round trip from there.

Edward K. Dennis, farm and hail special agent of Great American in Illinois, has just returned from a vacation in Mexico.

E. J. Cole of Fall River, Mass., former president of the National Association of Insurance Agents, underwent a serious operation, and the doctors are reported to be pleased at his condition.

A. L. Blickenstaff, recently appointed special agent of Firemen's in Kansas, is recuperating at his home in Hutchinson from an automobile accident suffered his first week in the field. He was formerly with the Wade Patton agency in Hutchinson.

Secretaries in insurance offices in Great Bend, Kan., gave a dinner for Miss Pat Spillman, secretary in the new office of Western Adjustment, transferred from Hutchinson. Miss Mary Ellen Weber of the Springfield group was hostess.

Charles G. Taylor, vice-president of Metropolitan Life, who met with a seri-

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ous accident on his farm 28 miles from Charlottesville, Va., last summer, and Mrs. Taylor were at the insurance commissioners meeting. Mr. Taylor is using crutches. He was greeted at every hand by many friends.

DEATHS

John W. Logan, 31, Jacksonville, Fla., manager of the Barker & Dwell Company insurance department, was fatally injured in an automobile accident near Dayton, Tenn. Burial was in Chattanooga.

Charles O. Peters, 65, formerly an engineer for Lumbermen's Mutual, died at his home in Columbus, O.

E. J. Drake, at one time a partner of J. A. Rowland in the Drake-Rowland agency, El Dorado, Ark., died there following an illness of several months. Before going to El Dorado in 1921 he was an officer of the Martin-Mitchell agency, Clarksdale, Miss.

L. E. Yingst of L. E. Yingst Company, Ltd., Regina, one of Saskatchewan's leading general agencies, died suddenly. He was widely known in the west.

Herman A. Jones, manager of the insurance department of a Suffolk, Va., bank, jumped or fell into the James river from a bridge between Newport News and that city while crossing the river in a car with a friend. Search was instituted for his body.

James C. Brady, 79, vice-president and director of the United Mutual Fire of Boston, and one of the founders of the United Drug Company, died at his home in Fall River, Mass., following two weeks illness.

J. C. Burdick, 50, prominent insurance agent of Union City, Tenn., died of a heart attack in his home. For many years he and his father were in the wholesale and retail fish business. Only about a year ago he closed out his fish business to devote his entire time to his insurance business which he entered about 1936.

He served for a number of years as United States commissioner of west

Former Michigan Commissioner Dies



J. C. KETCHAM

John C. Ketcham, 68, who served as Michigan commissioner in 1935 and 1936 during the first term of Governor Fitzgerald, died at his home in Hastings, Mich. He had been ill for some time. Lately he had been agricultural counsellor for the Michigan Chain Store Bureau. He was a former congressman and had been prominent in farm organizations.



"Foster was lost on an island for a month with a dozen steel executives!"

Tennessee, was a member for years of the Obion county board of election commissioners, served many times as Obion county Republican chairman, was once a member of the city school board. He served as president of the old Union City Civic club, was named major general by the Union Confederate Veterans, was a major on Governor Taylor's staff,

was a delegate to the last two national Republican conventions, and was vice-president of the Tennessee Mutual Insurance Agents Association.

John F. Knudson, 69, veteran local agent and former mayor of Redwoods Falls, Minn., is dead.

W. D. Ault, 76, local agent in Wells-ville, N. Y., for more than 20 years, died there after a long illness.

Tradition . . .

Developed in the fine traditions typical of New England . . . our greatest heritage is the constancy of our agents. Their loyalty through many years has become traditional.

RHODE ISLAND INSURANCE COMPANY

INCORPORATED 1905

FIRE - AUTOMOBILE - INLAND MARINE
THE INSURANCE BUILDING
PROVIDENCE, R. I.



★ Safeguard the ★
American Way

Buy DEFENSE BONDS today!

Insurance people, of all Americans perhaps, best know the importance of *foresight, protection, conservation*. • Far-sighted Americans are buying Defense Bonds and Stamps not only as a patriotic duty, but also to protect homes and families, to conserve priceless liberty. • These factors alone promise "dividends" of incalculable value. But, in addition, Defense Bonds and Stamps are a sound, profitable investment, backed by the world's largest resources. • Action is what counts. Let's buy, and keep on buying, U. S. Defense Bonds and Stamps!

PACIFIC NATIONAL FIRE INSURANCE COMPANY

HOME OFFICE - SAN FRANCISCO

OFFICES IN PRINCIPAL CITIES
★
COAST TO COAST



New Plants, New Jobs

call for thorough knowledge of new insurance demands

For the coming year . . . new plants, new jobs, new strength for America. In this mighty effort insurance men must play a vital part. Their job will be to protect the greatest force in the world today . . . American industry. This task calls for knowledge . . . knowledge of the coverages available and what they include . . . knowledge of today's unprecedented situations to meet the demands of a client. America looks to you for insurance guidance. Your responsibilities in 1942 will be great . . . but your opportunities greater.

Quiz!

- 1 Why does the skilled worker in industry need personal accident insurance?
- 2 How can it best be provided?
- 3 What accident insurance is designed to provide money for him to pay expenses if his wife or a child is injured by an accident?



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CASUALTY AND SURETY SECTION

Page Twenty-three

Ponder First Principles of Rate Regulation

Commissioners Hear Arguments for Stricter and Less Confining Plans

NEW YORK—Whether state regulation of rates in the casualty field should, in the interest of the public and the insurers, be extended or curbed evoked lengthy discussion at the meeting of the committee on premium allocations and interstate risks of the National Association of Insurance Commissioners. Interest in the question was due largely to New York's recent action in fining several companies charged with cutting the regulated New York rate through the device of charging unduly low rates on interstate risks located partly in New York and partly in unregulated states.

Representatives of stock casualty interests, bureau and nonbureau, opposed further extension of state regulation, holding that because of the comparative youth of the casualty business it should be allowed, in the interest of the insurance buying public, to experiment and develop new coverages without being bound by the strait-jacket of rates.

Presents Mutual View

A. V. Gruhn of American Mutual Alliance said that if rate regulation were done away with the mutuals would go ahead and fight it out on that basis but warned that if company failures again resulted as he alleged they did from absence of regulation in former wide-open times the companies would not have another chance at self-regulation, intimating that the federal government would step in and take over the situation. He denied that the matter is a stock-mutual fight, in spite of what some have said. He said he had no suggestion for a nation-wide rating plan but urged the most careful study in advance of adoption and pledged the cooperation of the mutual companies in any plan that would bring about a solution provided it were predicated primarily on the policyholders interest.

Superintendent Pink of New York said the committee, of which he is chairman, had nothing definite in mind but wanted to find out if those affected had given any thought to a nation-wide rating organization.

Leslie Speaks for Bureau

William Leslie, manager of the National Bureau of Casualty & Surety Underwriters, cited the difficulty of getting voluntary assent from all companies, since many want to operate on an individualistic basis. Some operate only in limited areas, so there would be trouble getting voluntary agreement from all. He said that aside from competitive considerations the aim of casu-

(CONTINUED ON PAGE 20)

Owen to Retire; Hacker Successor

Change Jan. 1 in Standard Accident Bonding Department at Home Office

Kennedy R. Owen, vice-president of Standard Accident in charge of bonding operations, who is considered the dean of bonding executives in America, will retire Jan. 1. He will continue as a vice-president and director, although not being active.

J. P. Hacker, vice-president, who has been closely associated with Mr. Owen



J. P. HACKER

in the bonding department, will direct the bonding department.

Mr. Owen has devoted more than 43 years to the bonding industry, of which 19 years have been with Standard Accident. He started in 1898 with Fidelity & Deposit, becoming executive special agent, dealing with agents and the bonding public over the entire United States.

In 1912 he was called upon by the Globe Indemnity to organize its bonding department and was made a vice-president. In 1920, Indemnity of North America required his services for a similar undertaking.

When the Standard Accident considered entering the bonding business in 1922, it was decided to do so only if the company could obtain the services of a man whose abilities in the field were of the highest quality. Mr. Owen was employed and elected a vice-president and director. Under his leadership the Standard's bonding business grew rapidly. In his first year, the volume of bonding business exceeded the first-year record of any company writing this line, and now Standard ranks as one of the outstanding bonding companies of the country.

Mr. Owen has trained many men now considered among the country's foremost bonding underwriters and producers.

Mr. Owen has not announced his plans, but he probably will seek relaxa-

New Aetna C. & S. Setup on Coast

J. R. Holmes Casualty-Surety Head, Loftus, Fire; Daniels, Marine

HARTFORD, CONN. — John R. Holmes, manager of the Springfield, Mass., office of Aetna Casualty, has been appointed manager of the Aetna's San Francisco office for casualty and surety lines. Mr. Holmes succeeds the late Claude A. Bonner, who died Oct. 6.

Mr. Holmes has been connected with Aetna since 1920, serving as a special agent, field supervisor and then manager of the Springfield office.

Joseph W. Loftus, who was superintendent of the fire department under the general supervision of Manager Bonner, has been named manager of the companies' fire department for the state of California.

The Pacific marine department, which was also formerly under the general supervision of Manager Bonner, has been placed under the full supervision of Kurt L. Daniels, who has been marine manager at San Francisco since 1930.

tion in his Long Island home, which he has maintained for many years, although residing in Detroit.

Vice-President Hacker went with Standard Accident in 1923. He organized its bonding claim department and for five years was in active charge. In 1928, he became superintendent of the bonding department and shortly thereafter was made assistant secretary. In 1931 he was elected vice-president.

Mr. Hacker was educated in law at University of Maryland, and prior to joining Standard Accident was with Fidelity & Deposit for 16 years, serving in all branches of its bonding business and in the casualty department when it wrote that class of business. He traveled extensively and was assigned to New York, San Francisco, Portland, Ore., and Atlanta besides holding various home office positions.

He is a director of the bureau of contract information and a member of the industries committee.

Warns of Unlicensed Agent

HARTFORD—Commissioner Blackall has warned the insuring public to pay no heed to solicitations for insurance in an unauthorized company and by an unlicensed agent operating apparently from New York. Complaints have been most frequent in Fairfield county. The solicitor calls himself "S. Reginald Smith," Commissioner Blackall said, and purports to represent the "Fidelity Fund of Fairfield."

"There is no insurance company in Connecticut known as the Fidelity Fund nor is there any corporation by that name," the commissioner explained. "No one by the name of S. Reginald Smith is licensed to sell insurance in Connecticut."

Commissioner Blackall believes Smith, a former agent of a casualty company now out of business, is soliciting some of his former customers to purchase what purports to be a health and acci-

Stewart McDonald New President of Maryland Casualty

Chairman of Board Gets Double Title Following E. J. Bond's Death

BALTIMORE — Stewart McDonald, chairman of Maryland Casualty, Tuesday was elected president taking the place left vacant by the death of Edward



STEWART McDONALD

J. Bond, Jr. Mr. McDonald retains the position of chairman as well.

Mr. McDonald became a director of Maryland Casualty in 1937. He was elected vice chairman of the board in January of 1939 and chairman in September of that year when Silliman Evans, now publisher of the Chicago "Sun," retired.

Mr. McDonald has been with the Federal Housing Commission since 1935 and is now its head. He was born in Owatonna, Minn., and attended Notre Dame University and graduated from Cornell University in 1901. Most of his business experience was gained in St. Louis. He was engaged in the manufacture of farm implements and electrical machinery there and was for eight years president of the Moon Motor Company of St. Louis. For a time he served as police commissioner of St. Louis. His chief interest in recent years has been in housing.

Mr. McDonald's father was J. J. McDonald, a prominent fire insurance man. He was manager for many years of Continental in the western department at Chicago and later was western manager of Connecticut Fire.

dent policy. The New York department also is working on the case.

How Direct Mail Makes Cold Canvass Lukewarm

NEW YORK—Cold canvass can at least be made lukewarm through the proper use of direct mail advertising, according to Frank W. Potter, field supervisor of Aetna Casualty, who addressed the meeting of the Insurance Advertising Conference here this week.

The great opportunity for the business is in selling the uninsured, and that means a lot of cold canvass work, he said.

Cold Canvass Not Necessary

In the past many agents have been unsuccessful on cold canvass but today with all of the aids that are offered by insurance company advertising departments no salesman needs to sell on a strictly cold canvass basis.

One agent has been very successful in calling on people not known to him, through the use of an inventory booklet. He has worked up a little approach talk saying, "Mr. Jones, you may not realize that in the event of a fire at your home, you can only collect when you can substantiate your loss. Of course if your dwelling is burned that is a very difficult thing to do. For that reason I have brought along this inventory booklet. You and your wife at your leisure can inventory each room and then keep this inventory in your safe deposit box. After you have made this inventory I will be very glad to check with you as to whether you have sufficient insurance to cover all the many items."

The use of presentation folders prepared in advance is helpful in creating

interest in the start of an interview and holding the interest. Forms are available for various types of prospects and agents report that they are extremely effective.

Mr. Potter recalled that when the new comprehensive liability policy was brought out, Aetna Casualty produced a complete sales kit for use by agents. This included a folder to be mailed to prospects, paving the way for the personal call of the agent; a pamphlet, "Compare the Protection," to help the agent bring out the extra benefits of the new plan; a booklet telling the agent how to complete the survey of exposures and why each question was asked, what information to look for and a complete proposal form to be used in selling the prospect. The results were very satisfactory, indicating that if the proper sales and advertising material is furnished to the agent and he is shown the opportunities for making money he will go out and demonstrate what he can sell.

Pictures Are Helpful

Folders containing pictures are very helpful. For example, on a personal liability folder, Aetna Casualty shows pictures of a messenger boy slipping on the sidewalk of a man's home, caddy being hit by a golf ball, wife putting the end of an umbrella in a passerby's eye, a hunter accidentally shooting a companion. The advertising departments must help to create in the public's mind the need for insurance and to help the salesman explain that need.

Mass. Bonding Johnston & Harder Decision in Pa.

The protracted litigation that was started by the Johnston & Harder general agency of Pittsburgh against Massachusetts Bonding for alleged breach of contract when the insurer withdrew from the agency in 1936 has now entered a new phase, with the Pennsylvania supreme court giving a decision in favor of Massachusetts Bonding.

The court of common pleas had given a verdict for \$35,000 against Massachusetts Bonding and the supreme court rebukes the lower court for its decision on the ground that it was arbitrary and that the court failed to discuss any questions of law or fact which might give support to its decree. The parties were denied their day in court and there was no evidence upon which damages could be assessed with any fair degree of probability. The case is now remanded for further proceedings in accordance with the supreme court's opinion.

Massachusetts Bonding in its second appeal complained that there were no specific facts upon which the lower court based its decree, that the court did not show any basis for computation of the damages assessed and that no opportunity was afforded for the submission of any exceptions to the court.

High Court Allows Verdict on Inflation Grounds

ST. PAUL—In refusing to reduce the amount of a verdict on grounds that it was excessive in *E. C. Odegard et al vs. James Connally* the Minnesota supreme court held "we know the value of the dollar is not what it formerly was." Judgments totalling \$47,366 were awarded the plaintiffs.

N. Y. Law Brings Special Problems to Some Groups

NEW YORK—Because of the virtual impossibility of obtaining insurance, operators of "u-drive" car renting services face a serious threat to their existence in New York's new financial responsibility law, which goes into effect Jan. 1. Rates for these cars have been double the private livery rate but additional experience and allowance for the peculiar hazards involved indicate that double the public livery rate would be none too high.

No insurer would be interested in this class of business at the old rate. The worst feature from an insurance standpoint is that the temptation is strong for a driver involved in an accident to fail to report it to the police and to say nothing to the car-renting company. Usually he has put up a \$10 deposit and he fears that if he admits having had an accident he will lose not only his deposit but will be charged an additional amount as well and perhaps be detained by the police.

Wide Open for Three Years

Claim for bodily injury must be made within three years in New York state so an insurer cannot know until three years after the expiration of the policy year what claims he is going to have. The worst of this is that by the time these late claims have been filed there would be no witnesses available except those favorable to the plaintiff. Also, the driver would have left for parts unknown and would probably be impossible to trace.

The New York motor vehicle commissioner ruled some years ago that "u-drive" cars are subject to the statute requiring all vehicles for hire to be insured for \$2,500/5,000 bodily injury limits and \$1,000 property damage. However, the motor vehicle bureau has no police power and cannot enforce the law. It must rely on the city, state, or county police forces and none of these have taken any interest in enforcing the law with respect to "u-drive" cars.

May Be Put Out of Business

This enforcement laxity has been entirely satisfactory to the renting services' operators up to now but it has dawned on them that under the Page-Anderson law they will have to face the possibility of putting up as much as \$11,000 per accident or go out of business through revocation of their car registrations. One effect of the law will be to force out of business those operators who are not able to meet the substantial insurance premiums that will have to be charged.

Another group concerned over the implications of the new law are the persons who do not own cars but occasionally drive. Some of these are the "u-drive" services' customers but more typical is the man who lives in New York City and finds a car more of a nuisance than a convenience but may take the wheel when driving with a friend or may, on a weekend in the suburbs, be asked by his host to take the car and run down to the village to pick up the groceries.

Can't Quiz Host

Such a driver can't graciously ask his host before starting whether the car is insured and for what limits. Yet if there is no insurance the driver may lose his right to drive unless he can make good any claim from \$25 up to \$11,000, while he may be the cause of his host's losing the right to drive. Even without the prodding of the new law's penalties a limited amount of coverage has been sold for the driver only. Usually buyers are wealthy but car-less individuals who wanted to protect their bank accounts and as far as they could the interests of anyone whose car they might be driving. Anxious inquiries of the motor vehicle department, however, indicate that there will be a considerable demand for non-owner coverage of this type.

Would Divide Mutuals in Applying U. S. Tax

Farm Bureau Counsel Would Separate Simon Pure, Commercial Types

A division of opinion as between various types of mutual fire and casualty companies on the matter of federal taxation seems to be developing. One indication of such a schism was the talk that was made Monday of this week during the insurance conference, which was a feature of the annual meeting of the American Farm Bureau Federation in Chicago, by Donald Kirkpatrick, general counsel of the Farm Bureau Federation.

Says Distinction Should Be Made

Mr. Kirkpatrick was not explicit at all points but he did express the opinion that insofar as federal taxation of mutual fire and casualty companies is concerned, the distinction should be made between those companies that are completely mutual in character and those that build up unusual reserves within their corporate structure, perhaps for the purpose of carrying out some sort of an investment program and where the spirit of mutuality is not so simon pure.

Reserve Deductions

A good deal of the tax exemption of mutual companies, Mr. Kirkpatrick indicated, comes under sub-section 2 of section 207 of the revenue act which provides for deductions based upon increase in reserve. Mr. Kirkpatrick indicated the belief that a good many of the commercial type of mutual fire and casualty companies are setting up reserves indiscriminately.

There might very well be some redefinitions, he said, so as to put a limit on the deductions that can be claimed from the federal income tax because of increase in reserves. For instance, he suggested that for mutual casualty companies the total exemption that could be claimed under sub-section 2 should be the surplus that such a company is required to maintain in its state of domicile plus say 25 percent of the earned premium. The excess in income over such an amount might be considered as proper income to be taxed, he said.

For marine and fire companies the amount of "backlog" should be greater, he said. It should be the statutory amount of surplus plus perhaps 50 percent of the earned premium.

Taxation of Life Companies

Mr. Kirkpatrick also discussed the matter of federal taxation of life companies, saying that it is understood that the treasury people would like to collect \$20,000,000 in taxes from the life insurance companies. One scheme that is being given informal consideration is a tax of \$2.50 per \$1,000 on new ordinary policies, just for the first year; \$1 per \$1,000 on group and 50 cents per \$1,000 on industrial. This might take the form of a stamp tax. If such a levy is voted, Mr. Kirkpatrick expressed the hope that it would be a tax that could be passed on to the policyholder in a very definite way.

Mr. Kirkpatrick said that the treasury experts and the ways and means committee have been looking into the matter of an insurance tax and it is the understanding of those insurance people that have the matter in hand that some change in the system of taxation of insurance will be developed. There was

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Countersignature Committee to Meet in New York City

There will be a joint conference of a committee of the Association of Casualty & Surety Executives on one hand and delegations from the National Association of Insurance Agents, National Association of Casualty & Surety Agents and National Association of Insurance Brokers Thursday of this week in New York City to discuss the countersignature agreement that was entered into a year ago last April. The companies desire some changes. The producing forces will ask the companies to state definitely what amendments they wish. M. W. Heard, vice-president of Hartford Accident, is acting as chairman of the company committee in the absence of President Paul Rutherford of that company, who is still in a bad state of health.

R. W. Forshay of Anita, Ia., president; David A. North, vice-president, and W. H. Bennett, general counsel, will represent the National Association of Insurance Agents.

New Union Indemnity Receiver

LANSING, MICH.—Judge Carr of Ingham county circuit court has named F. M. Cordero, deputy insurance commissioner, as Michigan receiver of Union Indemnity of New Orleans, which went out of business in 1933 and for which earlier receiverships have been discharged.

This action was made necessary by the fact that the receiver for the Pontiac Commercial & Savings Bank, in which the company had considerable deposits, has just paid a dividend including about \$55,000 to the credit of Union Indemnity, followed by attempted garnishment proceedings.

Another bank dividend is anticipated and a receivership will assure a proper distribution of the long-frozen assets in this state.

Dividends Paid on Group Policies Are Being Discussed

Insurance Commissioners Confer on Practice Used in Disability Benefits

NEW YORK—There was a meeting of the accident and health committee of the National Association of Insurance Commissioners Monday presided over by Chairman J. M. McCormack of Tennessee. Harrington of Massachusetts stated that his department had been making a study of dividends paid on group accident and health policies by mutual companies. Actuary Cleary of Massachusetts explained that most companies paid the dividends directly to the employer. He said it seems to be customary for the employer to make investigation and settlement of claims and thus the dividends serve as payment of service, although there is no fixed amount stipulated. He said the dividends are based on the experience of the group. He explained that there are various ways of writing group contracts so far as contributions are concerned. He doubted whether all the dividends should be paid to the employer.

New York Making a Study

He stated that the New York department has been conducting a study of this dividend situation. Lloyd of Ohio said that rubber trade unions of Akron had been making inquiries of his department as to the dividend subject. The Massachusetts department has not determined whether there has been any profit made by the payment of dividends to employers. It was the general opinion that placing the adjustment in the hands of the policyholder was not a desirable practice. It was stated that the companies themselves should consider this subject. Some companies when interrogated gave competition as an excuse for paying these dividends to employers. This competitive situation was acknowledged as dangerous.

Companies Should Be Responsible

Harrington stated that the companies should assume the responsibility of claim service and that should not be transferred to the assured. Pink of New York said that some of the trade unions had raised the question as to whether companies were making a profit on the coverage. Some employers not only take accident and health group but life, hospitalization, etc. There may be a deficit in one unit and it may be smoothed over by receiving dividends on all. McCormack opined that there should be an investigation on the subject in order to find out whether there were any abuses. While the profit might be very small on one class, cross application, he said, might make a profit on the whole. He asked whether cross application should be used to reduce the cost and to what extent this should be allowed, if at all. Another question that arose was what policy should be used regarding outstanding insurance and should any ruling apply to it as well as new contracts.

Some Claims Not Reported

In some cases it was said that insurance companies have the shop foreman explain what benefits accrue under the policies. Some borderline cases are found not reported to the insurance companies so that the experience may not be affected. Some group health and accident stipulate that the policies do not apply where workmen's compensation benefits are brought into play and if so

Proper Machinery Coverage Presents Many Problems

CLEVELAND—A detailed picture of the various machinery insurance problems involved in connection with the large steel mills was presented by P. H. Schindler, manager Youngstown Sheet & Tube Company's insurance department, before the insurance section of American Management Association here.

In case of loss of generating capacity of a large unit which cannot be replaced entirely through purchase of power, Mr. Schindler said it is not only necessary to carry outage insurance to reimburse the company for the extra cost of the power purchased but also use and occupancy for the loss of operations due to the inability to purchase enough power to continue operations.

Spare Equipment Vital

The question of spare equipment enters vitally into the decision as to the insurance carried, Mr. Schindler pointed out. "We are first influenced by the effect an accident to a piece of equipment will have on continued operations. Where spare equipment is available and the time to change over is short we usually decide on no use and occupancy insurance and no direct damage insurance. We might have a piece of equipment not so vital to the continued operation but with no spare that we will insure for both direct damage and use and occupancy."

Insofar as transformers are concerned the question of insurance depends primarily on whether they are single phase, three phase and even then the capacity of the transformers is taken into consideration. When three phase transformers are used there is usually a spare. When the purchased power load is heavy, single phase transformers are insured for both direct damage and use and occupancy.

Mr. Schindler said that he keeps up-to-date charts before him at all times of the mills' entire operations to be used in determining the use and occupancy exposure.

Even when spare parts are available, often difficulties in making repairs are encountered, Mr. Schindler said. He told of a huge motor which was thrown out of commission. In order to install a spare armature, it was necessary to take down a corrugated steel wall, extend a crane runway and to install a new drum providing additional lifting capacity on the crane. The armature weighed 90 tons and many other difficulties were involved in installing it. In this particular case the motor was insured up to the limit. Despite the difficulties the mills were going full blast again within 56 hours and 20 minutes and the insurer having heavy use and occupancy on the unit was pleased with the job. How-

the cost would be reduced. McCormack inquired whether such a proposition in the way of exclusion would be in violation of the standard policy provision.

Cases were cited where self insurers imposed on claimants, especially where their wages were high, because the wage earner would not want to impair his wages and thus would accept a lower benefit for accident and sickness than that to which he was entitled. Where accidents are not reported the company may not put up sufficient reserves. The tax question comes in this problem. The master policy is held by the employer and the employees may not really know much about the benefits provided.

J. J. Hall Heads Legion Group

John J. Hall, street and highway safety director of the National Conservation Bureau, has been selected as chairman of the American Legion's newly created national highway safety committee, which was established at the November meeting of the Legion's executive committee.

ever, if there hadn't been a spare armature, the loss would have been tremendous.

Mr. Schindler covered many details, stressing the need for analyzing each situation with a view toward possible loss.

Values Inspection Service

Mr. Schindler stated that his company values very highly the inspection service received by insurance companies. "We do not wait until a piece of equipment is old before insuring it. All important equipment is insured as soon as it has been installed, in fact we arranged for insurance company inspection just before the new mill goes into operation. On some of our smaller turbine units we carry only a limited coverage in order that we may have the inspection service."

The Youngstown Sheet & Tube Company makes it a practice to insure all pressure vessels whether unfired or fired. In case of low pressure boilers there is a greater possibility of accident in cases where mixed fuels are used, making the need for furnace chamber explosion insurance desirable.

Must Consider Penalty

In purchasing additional power it is necessary to pay for current held on demand and in calculating the amount of outage insurance needed, Mr. Schindler includes not only the extra cost of additional energy purchased in the period of suspension, but also the penalty for that period. In connection with the operation of high pressure boilers, both for boiler or furnace chambers insurance, Mr. Schindler requires complete protection, direct damage insurance, use and occupancy due to possible shutdown of blast furnaces and inability to purchase enough power, outage to cover the extra cost of purchase power and penalty charge insurance to cover the new demand charge for the next 11 months.

If forced and induced draft fans and boiler feed pumps are essential to the operation of boilers, the same coverage is carried on these units. Mr. Schindler insures all air receivers and lines, accumulators and derrick lines both for direct damage and use and occupancy.

It is desirable to cover transformers particularly on incoming power lines which would seriously affect operations. When there is considerable purchase power load, direct damage and use and occupancy coverages are carried. The penalty charge and consequential damage insurance does not apply in the case of transformers and "if you cannot buy power you cannot increase your demand charge." Therefore, all that is required is direct damage and use and occupancy.

Mass. Compensation Rates Are Reduced 0.9 Percent

BOSTON—A general revision of workmen's compensation insurance rates for Massachusetts, adopted by the Massachusetts Rating & Inspection Bureau, has been approved by Commissioner Harrington.

The overall effect is a reduction of 0.9 percent. This revision is the sixth successive overall reduction in manual rates in Massachusetts, starting with the revision effective May 1, 1936, altogether amounting to approximately 27 percent.

The current revision in rates, based on the latest available experience, is voluntarily made by the companies, as have been the others before it.

The revised manual rates for all classifications, regardless of whether they effect increases or decreases from present rates, are applicable to each Massachusetts risk as of its first normal anniversary rating date which falls on or next follows Dec. 31, 1941.

Casualty Subjects Are Considered by Commissioners

Assigned Risk Plan and Excess Premiums on Large Contracts Discussed

NEW YORK—The casualty and surety committee of the commissioners association held a meeting Tuesday afternoon with Gontrum of Maryland presiding. A resolution had been submitted by Manager William Leslie of the National Bureau of Casualty & Surety Underwriters calling attention to large government contracts made on a cost-plus-a-fixed fee basis, especially those situated in distant islands. It was stated that there might be a hardship in excluding premiums over 90 days old from the assets.

In the first place, he said that it required a number of weeks to formulate the insurance contract. Then tedious delays are met in the premium audit. After the audit premiums have been certified to by the government further delay is experienced in getting a check from the government. He said these premiums are figured on an earned basis. The retrospective plan is used and the payroll audit is employed.

Much Delay Is Experienced

Companies are forced to wait many months before they get their money. Some of the unpaid premiums run into large sums. He referred to one case where the amount due was \$1,500,000. The result is that the annual statement results are distorted. The credit of the federal government is excellent and the companies will eventually get their money. In the meantime they must put up the full reserve even if the premiums are unpaid.

Harrington of Massachusetts expressed the opinion that no haste should be made in presenting the plan suggested. He said that before the premiums are paid they may be compromised down so that the amount put in the annual statement might be considerably lower than the companies finally secure. He said that if the procedure is good for federal government, it should also be good for other public bodies and for private assured. He said that these premiums 90 days overdue might be doubtful assets before they were collected. He suggested that first it would be desirable to find out how much money is involved, and how many companies are interested. Mr. Leslie said that losses were being constantly paid while the audits were going on.

H. W. Yount, Liberty Mutual, gave as his opinion that no major benefit would be gotten even if the suggested plan were adopted. It was agreed that state laws might not permit commissioners to allow such premiums to be submitted as assets. If it is permitted in one state and not in another, there would be discrimination. Mr. Harrington stated that if there came an emergency a plan might be worked out so that it would supersede state laws. It was agreed that Manager Leslie might take up the matter with the executive committee and see if some method could be evolved.

Assigned Risks

The other subject brought before the committee was the proposal to have a uniform automobile assigned risk plan for substandard assured. The states having an assignment plan are New Hampshire, Connecticut, New York, Virginia, New Jersey, Illinois and

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Ponder First Principles of Rate Regulation

(CONTINUED FROM PAGE 23)

ality companies is to put insurance in the hands of insured on a basis that seems to them to be reasonable and that it ought to be possible to work out some formula that would combine attainment of this aim with sound underwriting.

The problem is not limited to interstate risks, however, he said, since in most states not all casualty lines are regulated leaving the way open for the cutting of regulated rates by charging too little on unregulated risks of the same insured. He strongly urged that the first step be to work out a proposed rating basis and then see if it is possible to obtain voluntary observance. He said that the big majority of stock carriers is against additional state regulation, however. He thought there would be some way to evolve a rating plan that would permit development of new coverages according to the legitimate desires of the buying public and still not be wide open.

Stellwagen for Liberalization

H. P. Stellwagen, executive vice-president of Indemnity of North America, said he believed the solution lay in relaxing of rate regulation rather than extension, that the collectible rate level in non-regulated states is more favorable to the public than in the regulated states and that hence it would be well to go slowly in extending regulation.

Pointing out that in some states because of the rating situation, the entire volume of certain classes of business is done by non-admitted carriers, Mr. Stellwagen characterized this as absurd. He remarked that this almost happened with the business on defense contracts until the War Department plan was evolved. He quoted a saying that the worst discrimination is the failure to discriminate and said that progress has been greatest in the lines of insurance where regulation has been least.

There should be regulations which will assure honesty, solvency, etc., but companies should be free to use rating bases that fit individual risks and free to develop new forms of coverages, he declared. Asked by Mr. Pink if mortality among companies would increase if his views were followed, Mr. Stellwagen said that he didn't believe so, provided there were competent examiners and adequate examination standards. He said it was his impression that the mortality that resulted from lack of rate regulation was not among adventurous pioneers but among well established companies.

Mr. Pink observed that free competition might tend to cause business to gravitate to the larger companies but perhaps that was inevitable.

Collins Blames Bureaus

Joseph Collins, chief of the New York department rating bureau, laid some of the troubles of rate regulation to rating organizations, which, he said, have so feared the ancient cry of discrimination that they have failed to submit for state approval plans for special types of risk. J. J. Magrath, vice-president of Federal, and former chief of the New York department rating bureau, called attention to the fundamental difference in approach between "book-raters," those who want to look in a book and find the right rate, and those who actually take into account differences in risks in their underwriting. For this reason there may be two rates for the same risk, both of them "right" but different because they have been developed through different concepts.

J. R. Dumont of Interstate Underwriters Board told of the fire com-

panies efforts to control the problem of interstate risks at the instance of the commissioners organization some 15 years ago. The board's membership accounts for 80 to 85 per cent of premiums on interstate fire risks and while he could not say whether the companies had fully complied with the commissioners request they have honestly tried to do so.

F. & C. Honors N. D. Veterans

FARGO, N. D.—In recognition of 25 years of continuous service, five North

Dakota agents who have represented Fidelity & Casualty Company for that period were honored at a banquet here. Each was presented a gold wrist watch with the dates of service engraved.

Presenting the tokens were Frank E. O'Brien, secretary, and E. H. Luecke, agency superintendent. The recipients are J. D. Byrne, Bismarck; R. J. Doebler, Minot; J. F. Nichols, Oakes; J. H. Noakes, Mandan, and H. L. Reichert, Dickinson.

Warner & Co., Fargo, general agent of Fidelity & Casualty for the state, which marked 25 years of service Oct. 1,

was presented an electric desk clock with the years of service engraved on it.

Hammond Vice-president of Traffic Engineers Institute

H. F. Hammond, director of the traffic division of the National Conservation Bureau, has been elected vice-president of the Institute of Traffic Engineers. Institute members include state, county and municipal traffic engineers over the country.

Defense Savings Pay-Roll Allotment Plan

Now company heads can help their country, their employees, and themselves

voluntary pay-roll allotment plan helps workers provide for the future helps build future buying power helps defend America today

This is no charity plea. It is a sound business proposition that vitally concerns the present and future welfare of your company, your employees, and yourself.

During the post-war period of readjustment, you may be faced with the unpleasant necessity of turning employees out into a confused and cheerless world. But you, as an employer, can do something now to help shape the destinies of your people. Scores of business heads have adopted the Voluntary Pay-roll Allotment Plan as a simple and easy way for every worker in the land to start a systematic and continuous Defense Bond savings program.

Many benefits . . . present and future. It is more than a sensible step toward reducing the ranks of the post-war needy. It will help spread financial participation in National Defense among all of America's wage earners.

The widespread use of this plan will materially retard inflation. It will "store" part of our pyramiding national income that would otherwise be spent as fast as it's earned, increasing the demand for our diminishing supply of consumer goods.

And don't overlook the immediate benefit . . . money for defense materials, quickly, continuously, willingly.

Let's do it the American way! America's talent for working out emergency problems, democratically, is being tested today. As always, we will work it out, without pressure or coercion . . . in that old American way; each businessman strengthening his own house; not waiting for his neighbor to do it. That custom has, throughout history, enabled America to get things done of its own free will.

In emergencies, America doesn't do things "hit-or-miss." We would get there eventually if we just left it to everybody's whim to buy Defense Bonds when they thought of it. But we're a nation of businessmen who understand that the way to get a thing done is to systematize the operation. That is why so many employers are getting back of this Voluntary Savings Plan.

Like most efficient systems, it is amazingly simple. All you have to do is offer your employees the convenience of having a fixed sum allotted, from each pay envelope, to the purchase of Defense Bonds. The employer holds these funds in a separate bank account, and delivers a Bond to the employee each time his allotments accumulate to a sufficient amount.

Each employee who chooses to start this savings plan decides for himself the denomination of the Bonds to be purchased and the amount to be allotted from his wages each pay day.

How big does a company have to be? From three employees on up. Size has nothing to do with it. It works equally well in stores, schools, publishing houses, factories, or banks. This whole idea of pay-roll allotment has been evolved by businessmen in cooperation with the Treasury Department. Each organization adopts its own simple, efficient application of the idea in accordance with the needs of its own set-up.

No chore at all. The system is so simple that A. T. & T. uses exactly the same easy card system that is being used by hundreds of companies having fewer than 25 employees! It is simple enough to be handled by a check-mark on a card each pay day.

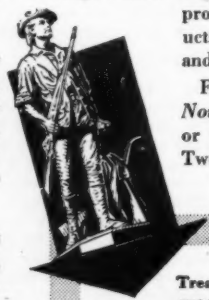
Plenty of help available. Although this is *your* plan when you put it into effect, the Treasury Department is ready and willing to give you all kinds of help. Local civilian committees in 48 States are set up to have experienced men work with you just as much as you want them to, and no more.

Truly, about all *you* have to do is to indicate your willingness to get your organization started. We will supply most of the necessary material, and no end of help.

The first step is to take a closer look. Sending in the coupon in no way obligates you to install the Plan. It will simply give you a chance to scrutinize the available material and see what other companies are already doing. It will bring you samples of literature explaining the benefits to employees and describing the various denominations of Defense Savings Bonds that can be purchased through the Plan.

Sending the coupon does nothing more than signify that you are anxious to do *something* to help keep your people off relief when defense production sloughs off; *something* to enable all wage earners to participate in financing Defense; *something* to provide tomorrow's buying power for your products; *something* to get money *right now* for guns and tanks and planes and ships.

France left it to "hit-or-miss" . . . and missed. Now is the time for *you* to act! Mail the coupon or write Treasury Department, Section A, 709 Twelfth St. NW., Washington, D. C.



FREE - NO OBLIGATION

Treasury Department, Section A,
709 Twelfth St. NW., Washington, D. C.

Please send me the free kit of material being used by companies that have installed the Voluntary Defense Savings Pay-Roll Allotment Plan.

Name _____

Position _____

Company _____

Address _____

Caminetti Rejects Rate Filing; Blasts Insurers

SAN FRANCISCO—Rejecting the application of the California Inspection Rating bureau for a 4.6 percent increase in compensation rates for the coming year, Commissioner Caminetti charged at a hearing Tuesday that compensation writing companies have falsified reports, juggled with figures and connived to bring about false estimates and calculations. Not blaming the California rating bureau he said that present rates in the application are based on these alleged false figures filed by companies.

He said investigation of 25 cases revealed 24 false and only one correct. "I will say right here and now, I intend to get the true facts about compensation insurance in this state and everyone evading the law is going to pay right up to the hilt."

Much Interest in Iowa Decision

DES MOINES—Considerable interest is being shown in an Iowa supreme court opinion involving the 30-day forfeiture notice statute for fire and casualty policies. The statute, section 8959 of the Iowa code, has been generally accepted as applying only to cancellation of a policy during the term for which it is written, for non-payment of premium.

The supreme court decision held the statute to apply to termination or expiration of the policy and 30 days notice must be given by companies at such expiration. The case involved was on a 30-day policy with a 10-day forfeiture clause and the state court did not expressly state whether this held true on all quarterly, annual or long-term policies, but was interpreted as meaning all such types of policies.

While the case concerned a workmen's accident policy, the section of the state code involved covers fire and casualty companies, mutual and stock.

Case Described

The case was Conrad vs. Midwest Coal Co. of Des Moines with the Pioneer National Casualty of Des Moines a defendant. The action was for workmen's compensation, and the industrial commission had held for the claimant. This decision was affirmed on appeal to the district court. The insurer appealed to the state supreme court.

The insurance company contended that the policy was not applicable to the claimant because he had not taken affirmative action necessary to come under its terms, and that the premium had not been paid as provided by the contract and the policy had therefore lapsed.

In the latter contention the company relied on an insurance department ruling, made in 1919, with respect to section 8959. This ruling stated that "a contract of insurance may specifically provide for a specific term of duration, in which event the contract automatically expires at the end of the term, without the giving of any notice. For illustration, a policy written for a term of one year with the premium paid in advance automatically expires at the end of the year."

Supreme Court Statement

The supreme court stated that "section 8959 applied to this policy. Consequently, since there was no notice of forfeiture given, we hold that the policy was in effect at the time of the injury for which a claim has been made."

In regard to the argument by the insurance carrier that the policy issued was a workmen's accident policy and not a workmen's compensation policy, the court said: "We do not and cannot

approve of this type of protection for industrial workers and especially do we hold that such type of protection is not contemplated under the workmen's compensation law. Provisions of a policy cannot be substituted for the plain provisions of the statute."

Golden State Changing from Mutual to Stock

LOS ANGELES—The Golden State Mutual Life of Los Angeles, owned, operated and managed by Negroes and writing life, accident and health on Negroes only, has now filed with the in-

surance department an application for permission to transform from a chapter 9A company to a legal reserve stock company with \$250,000 capital.

It also has filed with the secretary of state amendments to its articles of incorporation changing its structure to a stock company. It was one of the three Chapter 9 companies given a clean bill of health by Commissioner Caminetti, the others all having been taken over under conservatorship orders from the court.

Golden State as of December 31, 1940, had \$6,494,717 ordinary life insurance in force on 21,487 lives. In 1940 its

accident and health premium income was \$231,937. Its assets were \$487,721.

The company now is licensed in California and Illinois. It is understood that as soon as the transformation is completed application will be made for admission to Texas.

On the average, loss of earnings amounts to 30 percent of the total fire loss.

Sell more accident with "Why Disability Insurance" booklets. 100 copies \$2. Order from National Underwriter, 175 W. Jackson Blvd., Chicago.

"Unforeseen events . . . need not change and shape the course of man's affairs"



Maryland advertising in general magazines, appearing month after month, makes the agent's solicitation easier. This advertisement runs in

TIME FORTUNE
NEWSWEEK
BUSINESS WEEK

JUST A DETOUR SIGN...

The locks on your doors and windows—strong and secure, are just detour signs to a burglar.

There are many, many ways of doing a job . . . clever and devious means of entering a locked home.

As long as the world begets burglars and sneak thieves, as long as domestic servants turn to dishonesty, your home is in constant danger. And you must stand ready to accept a loss at any moment, unless you have a burglary and theft insurance policy.

So broad is the Maryland's policy, there is hardly a thing of value lacking its protection. The contents of your home, garage, outbuildings—even the property of your guests—are covered.

The columns of every newspaper tell how costs are increasing, month after month. Make sure you have protection that certainly is adequate to replace every article . . . in your home, your office or store. Maryland Casualty Company, Baltimore.

THE MARYLAND

Practically every form of Casualty Insurance and Surety Bond, for business, industry and the home, through 10,000 agents and brokers.

ACCIDENT AND HEALTH

Record of Hospital Insurers Is Summarized

Women spend half again as much time in hospitals as men, according to a study of hospital service associations made by Northwestern National Life.

Digestive troubles send more men to the hospital than any other cause, while maternity is the largest single cause of women's hospitalization.

In 1940, for the first time in U. S. history, more than half the total new babies were born in hospitals—1,214,492 out of 2,360,399 births. The study gives much of the credit for this improvement to the rapid growth of the hospital service association movement, which has expanded from a few thousand members in 1931 to nearly 8,000,000 members today.

Hospital births occurred during the present year in better than one out of five association member families, the report states. As associations generally maintain a nine-month waiting period before new members are eligible for maternity service, this percentage is rising as more member families become eligible. In some areas the annual birth rate among hospital association member families runs considerably higher than the general birth rate for the same territory, the study finds.

Only Few Are Dishonest

Experience shows that 19 out of 20 hospital association subscribers are honest, the study says. Only about 5 percent of all members' requests for hospital service look doubtful enough to be questioned; only 1 to 3 percent are finally found to be unjustified and have to be refused. After admission, only about 5 percent stay or try to stay longer in the hospital than they need to; the majority of these malingerers are women.

The average stay of the hospitalized members runs between eight and 10 days. Three out of four leave the hospital within 10 days. Only one case in 20 stays over three weeks. The grand average experience of the various service associations runs less than one hospital day per member per year. Average age of subscribers varies from 28 to 36 years in various associations.

The average stay of hospital association members is generally about two days shorter than average non-member patients' stay in the same group of hospitals. This is credited partially to the tendency of members to have ailments cared for more promptly, thus reducing the proportion of aggravated and last ditch emergency cases which require long hospital treatment.

Average for Working Girl

The average working girl member uses 20 percent more hospital care than the male worker, the study finds. Where husband and wife are both employed, the wife uses half again as much hospital care as her husband. On family contracts, the wife uses twice as much care as her husband.

A single man uses one-third more hospital care than does a man with a family. As a man acquires a family, he tends to cut his own hospital care to a minimum, as his dependents require more. The head of a large family uses the least hospital care of any class of subscribers.

With men, illness causes four out of five hospitalizations, and accidents cause one out of five. Digestive troubles result in a third of all men's hospitalizations.

With women, accidents cause only one out of 10 hospitalizations, and miscellaneous illnesses cause seven out of 10. The greatest single cause is maternity, which causes one out of five women's hospitalizations.

When the average family expects a child, association managers report, other members of the family generally use no hospital service whatever, to keep the

entire 21-day period, or whatever the association allows, available for the prospective mother's needs. But when the birth occurs, she stays an average of only 10 days, and then rushes back to take care of her family.

There has been a large increase in hospital admissions during the last three years, in many areas. Many admissions nowadays are for rehabilitation work put off during the depression years. Another substantial group are the result of the spreading reemployment in the defense boom. Many concerns require medical examinations of applicants for employment; the result has been that thousands of men and women have appeared at hospitals for correction of physical defects, in order to qualify for jobs.

Soldiers' Concession Continued for Year

The concession that provisions of accident policies on soldiers and sailors shall govern, except for double indemnity, until Jan. 1, 1942, on the part of member companies of the Bureau of Personal Accident & Health Underwriters has now been extended to apply until Jan. 1, 1943.

Those in the military or naval service of the United States on land within the bounds of the 48 states and the District of Columbia will be considered as covered to the same extent as if they had not entered such service. There is no coverage for injuries or death caused by enemy invasion or bombardment. Some of the companies exclude coverage entirely for those in the aviation or submarine service. The usual aviation exclusion clause applies to soldiers policies.

Normally, decreased benefits would be paid to soldiers under the change of occupation provision because military or naval service even in times of peace involves an extra hazard.

Any policyholder that enters military or naval service and is not covered by the terms of the concession may surrender his policy and his last renewal for pro rata cancellation.

The companies find that a large number of those entering military or naval service desire to continue their accident insurance.

Honor Hook on Retirement

DETROIT—Nearly 200 Standard Accident employees honored Thomas Hook, veteran accident and health superintendent, who retired Dec. 1. He was presented a pair of binoculars, by M. D. Jones, superintendent of the liability underwriting department.

The Royal Order of Downspouters, an organization in the liability underwriting department, presented Mr. Hook engraved stationery, and the claim department gave him an electric shaver.

Discuss Current Developments

KANSAS CITY — International events give special value to an extemporized feature for the Dec. 12 meeting of the Kansas City Association of Accident & Health Underwriters. This will consist of brief suggestions by leaders in the field on the effect of recent developments on accident and health selling, and what to do under these new conditions. J. M. Belwood, Connecticut General Life, chairman of the meeting, is arranging this symposium. He will also conduct the portion of the program devoted to the subject previously announced, "The Second Sale."

Provident People Pass Tests

CHATTANOOGA—Word has just been received from the Health & Accident Underwriters Conference Institute that practically all of the Provident Life

Abstractor's Liability Insurance

a new type of protection for the responsible members of this profession

a new source of income for the enterprising agent or broker

EVERY Abstractor is constantly exposed to the possibility of a large suit as the result of error or omission. Yet, there has never before been available to the Abstractor a contract designed to guard against the specific risks he faces. This new contract, pioneered by our organization, is the first of its kind ever offered to responsible members of the profession. It offers comprehensive coverage at a moderate rate. Underwritten by prominent underwriters, it offers to agents and brokers an entirely new source of income. Full information will be sent upon request.

R. N. CRAWFORD & CO., Inc.

120 So. La Salle St., Chicago. Tel. Randolph 0750

Headquarters for
"OUT OF THE ORDINARY"
Contracts

Our Agents Say—

"Business Is Always Good"

—THE REASON—

**PREFERRED AUTOMOBILE RATES
THAT WILL GET AND HOLD BUSINESS**

UTILITIES INSURANCE COMPANY

ST. LOUIS, MO.

Direct contracts available for conservative and successful agents in Illinois, Indiana, Missouri, Ohio, Nebraska, Colorado, Oklahoma, Kansas, Tennessee and Texas

& Accident home office employees who took the institute course this summer passed the tests successfully and are entitled to the institute certificate. The examination was given at the University of Chattanooga upon the completion of the course.

Several company executives took part in giving instruction, with James E. Powell, agency vice-president in charge of the accident department, as principal instructor. Other instructors were: H. R. Hill, group department; W. Keith Kropp, claim department; R. R. Murphy, railroad department; K. B. Piper, life department, and E. H. O'Connor, accident department.

Llewellyn Chapman, manager of the personnel and planning department, arranged the mechanics of the 20 weeks' course in which 31 home office members enrolled.

Hear Business Bureau Man

At the December meeting of the Chicago Accident & Health Association Tuesday, Robert N. Smiley, manager investment division of the Chicago Better Business Bureau, reviewed the developments and work of such bureaus.

Detailed announcements were made with regard to the plans for the association's annual Christmas party, to be held in Marine dining room of the Edgewater Beach Hotel next Saturday night.

Drops Individual Hospitalization

Hoosier Casualty will discontinue writing individual hospital policies Jan. 1 unless the applicant also carries with the company a loss of time policy. It will not discontinue individual hospital policies already on its books.

It was found that writing individual hospital policies without loss of time coverage has resulted in an abnormal loss ratio and that the writing of these policies has not resulted in the writing of disability insurance on the holders of those policies. The company points out that the ratio of hospitalization to disability from accident or sickness is one in eight. A hospital and medical expense policy actually insures the hospital, the nurses and doctors, but leaves the policyholder uninsured against loss of income.

By combining the coverages, the agent will be able to do a much better job of protecting his prospects and can create more business for himself and the company.

Organize in Madison, Wis.

MADISON, WIS.—The Accident & Health Underwriters of Madison has been formed here with about 25 charter members. C. B. Stumpf, Illinois Mutual Casualty, was named president; Jasper Westra, North American Life & Casualty, vice-president; I. J. Cejka, Business Men's Assurance, secretary-treasurer; Bruce M. Stahl, Great Northern Life; Walter C. Rhodes, Washington National, and Genevieve Townsend, directors.

With about 50 eligible for membership, a campaign will be conducted to enlist them before the next meeting in January. Assisting at the organization meeting were William A. Kempf, Old Line Life, regional director, and E. H. Mueller, Pacific Mutual, past president of the National association, both of Milwaukee.

Great West in A. & H. Field

The Dominion department at Ottawa has issued a certificate to Great-West Life of Winnipeg to write personal accident and sickness insurance. It has been making plans for some months to enter that field.

Christmas Party in Milwaukee

The Milwaukee Accident & Health Underwriters Association will hold its annual Christmas dinner party Dec. 16.

Sterling Pays Cal. Claim

The California insurance department announces that Sterling of Chicago, which is not admitted to California, has paid a claim to a California resident

upon which it denied liability a few years ago. The California department made an investigation and reported the facts to Insurance Director Jones of Illinois.

COMPANIES

Sunset Casualty to Write General Casualty Lines

Sunset Casualty of Olympia, Wash., will begin writing automobile lines and miscellaneous casualty coverages early in 1942, it was announced this week by President James P. Neal. Additional capital of \$150,000 is being paid in by the American Underwriters Corporation, holding company of the Sunset Casualty and its running mate, Sunset Life. This will give the casualty company \$250,000 capital. Jan. 1 it had \$47,603 surplus.

Since organization in 1938, Sunset Casualty has restricted its business to accident and health, writing \$116,846 in net premiums last year. It will now begin writing automobile bodily injury and property damage, burglary, plate glass and general liability lines.

Sunset Underwriters, Inc., a general agency, also is owned by American Un-

derwriters Corporation. In addition to its affiliated companies, the general agency represents a number of well-known stock fire and casualty companies. E. Clay Brock, with headquarters in Seattle, has charge of the general agency's operations.

Order Wis. Mutual Assessment

MADISON, WIS.—Following a hearing on the petition of Commissioner Duel for an assessment against policyholders of the Wisconsin Mutual, Madison automobile insurer, now being liquidated by the department, Circuit Judge Hoppmann has ordered a 100 percent assessment. This will apply to premiums for the period from Jan. 1, 1937, to Feb. 1, 1941, totaling about \$491,000. The assessment is to pay liquidation expenses estimated at \$40,000, and obligations of \$169,000. Assets are about \$20,000, leaving \$189,000 deficit.

Louisville Claim Fakers Indicted

LOUISVILLE—Martin L. Mayland, Jr., attorney, and five others were indicted by the grand jury on four charges of conspiring to commit a felony—the charges resulting from an investigation into a fake insurance claim ring.

Alleged victims of the ring include Fidelity & Columbia Trust Company, Columbia Casualty, New York Casualty

New Taxicab Policy and Certificate Form in Ill.

New questions as to cancellation of any insurance and whether or not insurance premiums have been paid in full are included in the new applications for taxicab and other motor vehicles carrying passengers for hire, including rented cars, which are being distributed by Secretary of State Hughes of Illinois. The applications are for the purpose of securing approval of indemnity bonds or insurance policies.

The two questions, which constitute warranties, are: "During the past year no insurance company has canceled any insurance on the motor vehicle except" and "Have all premiums due present or previous insurance carrier been paid in full?"

A new "standard" policy for taxicab insurance in Illinois has been filed with the insurance department for approval by the few companies writing this class of business. The form in use was drafted in 1926. The new form has been clarified and simplified in phraseology. It is expected to be approved this week.

and New Albany & Louisville Electric Railway Company.

Being a good neighbor is a full-time job



A good neighbor is a good friend . . . day in, day out — year in, year out.

That's the kind of agent and broker who acts for Standard of Detroit. Throughout America are thousands of these thoughtful representatives who do a man-sized job for their clients and themselves.

This company is proud of you, its "good neighbors," and stands ready to put the force of an aggressive organization back of your selling efforts in 1942. Standard's underwriters, safety engineers, field men, auditors and claim adjusters are doing a full-time job, too — proving that "Standard Service Satisfies."

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

WORKMEN'S COMPENSATION

May Adjust Arkansas Rates on First Year's Experience

LITTLE ROCK, ARK.—Companies writing workmen's compensation in Arkansas are expected to file with the National Council on Compensation Insurance reports of underwriting experience in the first 12 months ended Dec. 5 and if a rate adjustment is ordered, it will be retroactive to that date, according to Commissioner Graves. The system was established Dec. 5, 1940, and in the first 12 months the state compensation commission, had a docket of 23,050 cases of which 40 percent required awards. In other cases awards were limited to medical fees.

The commission said that approximately 4,000 employers now have compensation insurance.

When the system was established the National Council ordered adoption of the Louisiana schedule and the Arkansas legislature thereafter voted reductions estimated at \$250,000. Actuaries of the National Council participated in hearings before the reductions were voted.

Name Florida Deputy

LAKELAND, FLA.—To meet the increased demands of defense and industrial activity as well as the expansion of the compensation coverage to fruit packing house workers, the Florida industrial commission has appointed Wallace Schafer, Lakeland, deputy commissioner, as part of its expansion program. Mr. Schafer will be in charge of 11 counties including Pope county which produces 30 percent of the citrus products of the state.

Map Changes in Kentucky

Vernon D. Rooks, deputy insurance director, and Dick M. Wheat, actuary of the Kentucky department, made a visit to Harrisburg, Pa., before going to New York for the commissioners' convention this week, to study the setup of the Pennsylvania workmen's compensation bureau. They contemplate recommending the creation of such a bureau in Kentucky.

A bill providing for compulsory compensation, instead of voluntary carrying of insurance, will probably be an administration bill before Kentucky legislature at the session to start in January.

About 90 percent of the industries now comply with the voluntary law.

Just recently a mining property was sold at bankruptcy, as a result of a company having suffered a major mining disaster, in which many lives were lost, and where it was carrying its own insurance. The company had been in bad financial position for some time, as a result of low prices for coal and steady loss of money in operations.

Map Mass. State Fund Fight

BOSTON—Principal representatives of stock and mutual casualty companies held a joint conference here to discuss ways and means of combating the Massachusetts Federation of Labor state fund compensation proposal which goes on the ballot next November for a referendum vote. The companies represented by their chief executive officers and counsel were Aetna Casualty, Employers Liability, Massachusetts Bonding and Travelers, stock companies, and American Mutual Liability, Merchants Mutual Casualty and Utica Mutual.

Cut Minn. Insolvency Factor

ST. PAUL—Because the amount realized from the application of the insolvency factor in fixing compensation rates in Minnesota is now \$3,923 in excess of present requirements, this amount will be returned to employers by the reduction in the 1942 rates of the insolvency factor from 1,004 to .999, a memorandum of the Minnesota compensation insurance board says.

Approves Compensation Rate Proposals in Mo.

Superintendent Scheufler of Missouri has approved the compensation rate proposals of the National Council on Compensation Insurance. The new scale produces an estimated 3.6 percent overall reduction or \$240,000 in premiums.

Seek New Oil and Gas Schedule

OKLAHOMA CITY—A filing made by F. F. Lafon, manager of the Oklahoma Compensation Rating Bureau, with the Oklahoma insurance board seeks to set up a new schedule of classifications to cover the oil and gas industries. Conditions of these industries in the state have changed so materially in the last few years that the proposed classifications have been worked out by the National Council with a view to bringing the Oklahoma rate schedule in line with these changes. Some classifications would be enlarged by the new schedule and new ones established.

PERSONALS

T. I. Larsen, general agent for Standard Accident at Houston, and J. A. Mullen, vice-president of Standard Accident, have returned from a trip to Mexico City. They were accompanied by Mrs. Larsen, Mrs. Mullen and Mrs. L. C. Doney, Jr. Mr. and Mrs. Mullen flew to Houston, where they joined the rest of the party, and all drove in Mr. Larsen's car to Mexico City. At Monterrey and in Mexico City, Mr. Mullen visited the Standard's claim men.

During their stay they entered the Mexico City International Golf Tournament. Mr. Mullen played in the second flight, and Mr. Larsen played in the championship flight.

H. A. White, superintendent of agents Standard Accident, has been named secretary of the Detroit District Golf Association. Mr. White is a member of the Plum Hollow Golf Club, Detroit, and served the Detroit association as district tournament chairman during the 1941 season.

J. Denkscherz, who was recently called from the management of the Mountain States Bureau of the National Council on Compensation Insurance in Denver to join the head office executive staff as comptroller, started his career in New York, later becoming manager of the Kansas bureau, and then going to Denver.

The executive committee of the Casualty & Surety Executives Association the other day adopted a notable memorial to the late Edward J. Bond, Jr., who was president of Maryland Casualty. The memorial speaks of his "keen mind, deep sense of loyalty and driving energy." It refers to the fact that in addition to the contribution to the progress of his own company, Mr. Bond had a broad vision of the destiny of the business and the need for common effort in kindred fields. He was a pioneer in the movement to bring insurance companies actively into the field of accident prevention. He was especially interested in promotion of good public relations.

DEATHS

Tinsley W. Rucker, Jr., 73, who retired about seven years ago as vice-president of Indemnity of North America, died at his home at Cynwyd, Pa. Since retiring he had devoted himself to various statistical studies.

Mr. Rucker graduated from the University of Georgia. His first insurance experience was with Royal in Atlanta. Then he was elected vice-president of

Royal Indemnity when that company was organized and he went with Indemnity of North America when it was created. Funeral services were held in Athens, Ga.

Gilbert Alexander, 67, president of Allstate, died in a Chicago hospital after an operation. He was a resident of Oak Park. Mr. Alexander was born in Glasgow, Scotland, and moved to Canada in 1892 and two years later went to Chicago. He held various positions with Sears, Roebuck & Co. from 1900 to 1935 when he went with the Allstate, becoming its president in 1938. He was active in community affairs and was a director of several other business organizations.

William F. Matz, 56, manager Continental Casualty's disability branch office in the Peoples Gas building in Chicago, died. His wife died about eight weeks ago. Mr. Matz had been with the Continental since 1934, previously having been with the Pacific Mutual Life's monthly premium division in Chicago associated with John L. Watts, now Chicago general agent. Mr. Matz was a brother-in-law of J. H. Des Roches, broker associated with Meeker-Magner Company, Chicago.

P. T. Sherman, 74, who served as counsel of the Workmen's Compensation Publicity Bureau from the date of its formation, and continued in the same relation when the bureau was merged with the Association of Casualty & Surety Executives in 1929, died at his home in New York last Saturday. He was the youngest son of the late W. T. Sherman, commander-in-chief of the United States Army following the war between the states, and had been engaged in law practice since 1890.

When the workmen's compensation law was enacted in New York, Mr. Sherman, who had been commissioner of labor, made a thorough study of the act and was engaged by the insurance carriers as a consultant in relation to the compensation measures as they were passed in one state after another.

His most recent study was in the field of occupational disease coverage, his analytical mind together with his knowledge of the law and of labor conditions, made his suggestions of the utmost value. In earlier years he was a close friend of the late Samuel Gompers, then head of the American Federation of Labor, and to the end enjoyed the confidence and esteem of labor.

SURETY

Fear Present Is Period of Hidden Fidelity Losses

NEW YORK—Although there is likely to be a considerable increase in the volume of bankers' blanket bond business written during the present year, there will be little, if any, gain in premium income from the line because of rate reductions. Reported losses have not been high but surety men fear that there may be hidden defalcations that are not being revealed because of the pressure upon management for production. It has been the experience that embezzlements carefully concealed during periods of business prosperity, come to light as activity lessens and changes in personnel take place.

Big Plane Bond in Seattle

One of the largest contract bonds written in the Pacific Northwest in recent years was executed through the Seattle agency of Bowden, Gazzam & Arnold, involving a \$54,000,000 order in navy planes to be built at the new Renton plant of Boeing Aircraft Co. The American Surety is the controlling surety, with 20 other companies participating. The premium on the bond is \$57,000.

ASSOCIATIONS

Jones Heads Slate of Casualty Managers

L. S. Jones, manager of Ocean Accident in Chicago, is nominated for president of the Casualty Managers Association of that city in the slate prepared by the nominating committee to be presented at the annual meeting Dec. 16. W. O. Schilling, manager U. S. F. & G., now is president.



L. S. Jones

J. M. Fraser, manager of London & Lancashire Indemnity, is slated to be advanced from secretary-treasurer to vice-president, and K. O. Saunders, resident vice-president Globe Indemnity, has been drafted for secretary-treasurer.

Des Moines Christmas Party

DES MOINES—The Des Moines Casualty & Surety Club will hold its Christmas party Dec. 20. A luncheon will be held, followed by entertainment in the afternoon. Don Boyette, Travelers, is chairman of the program committee.

W. M. Tierney, U. S. F. & G., and J. H. Miller, Travelers, will be in charge of the program at the regular meeting Dec. 22.

Kohl Heads K. C. Claim Men

Glen Kohl, Employers' Mutuals, has been elected president of the Kansas City Claim Men's Association, succeeding Gene Harris, Travelers.

O'Connor Speaks Dec. 16

J. C. O'Connor, editor "Fire, Casualty & Surety Bulletins" will address the luncheon meeting of the Casualty Underwriters Association of Chicago Dec. 16 on "Present Trends of Casualty Insurance."

Ready for Big N. Y. Party

NEW YORK—Plans for the dinner and Christmas party of the Casualty & Surety Club of New York, to be held in the Grand Ballroom of the Waldorf-Astoria, Dec. 17, are well under way. J. E. Lewis is president and E. L. Breen, secretary. Both are associated with the Aetna Life group here.

W. A. Hayden, Globe Indemnity, Los Angeles, speaking under the auspices of the Casualty & Surety Fieldmen's Association of the Pacific Southwest, addressed the Associated Agents at Whittier, Cal., on "Changes in the Automobile Policy."

Associated Indemnity Allowance

All employees of Associated Indemnity and Associated Fire & Marine who have been with the organization six months or more are to receive a 5 percent emergency allowance starting Sept. 1, 1941. The first checks, distributed this week, cover the period from Sept. 1 to Nov. 30. Employees earning more than \$250 per month will receive 5 percent on the first \$250. No allowances will be made to officers, including resident vice-president in charge of branch offices or other employees now receiving more than \$400 a month.

N. Y. Audits Under Way

NEW YORK—Regular examinations of Yorkshire Indemnity, United States Guarantee, General Transportation Casualty and Citizens Casualty are in progress in New York.

National Council Report Covers Much Ground

The report of W. F. Roeber, general manager, at the annual meeting of the National Council on Compensation Insurance, covered a great deal of ground. Mr. Roeber treated at considerable length all the ramifications of the war department rating plan.

When he came to retrospective rating, he stated that the plan is growing in favor with the public. There is an ever increasing volume of premium subject to the plan. During 1940, 389 risks that had operations, in states under the jurisdiction of the National Council were retrospectively rated. During 1941 until Oct. 15, there have been 366 risks.

The standard premium for 489 retrospectively rated risks that have expired was \$8,850,380. The retrospective premium was \$7,407,266, and the ratio of retrospective premium to standard premium was .837. That ratio compares to ratios of .785 and .799 indicated in the 1939 and 1940 reports. About 80 percent of the risks show a saving from the standard premium, about 45 percent have been adjusted on the basis of a minimum premium and only 4 percent have been adjusted on the basis of a maximum premium.

O. D. Rates Reduced

Mr. Roeber indicated that there may be some interesting changes made in the application of retrospective rating. He recalled that a reduction of about 22.5 percent in the occupational disease rate level of the specific hazard classification has been made.

Mr. Roeber touched upon the voluntary uninsured risk plans and pools. There has been only a moderate increase in the number of risks coming within the scope of these plans, he stated. In National Council states during the year ending Oct. 1, 327 risks applied for coverage, coverage was afforded for 278, the estimated advance premium on the risks was \$143,136.

As of Oct. 1, 1941, the earned premium on 1,052 risks assigned under various voluntary plans amounted to \$501,760 and the actual losses paid and outstanding, amounted to \$208,518, the average loss ratio being about 56 percent. The loss ratio continues to be encouraging considering the character of the operations normally covered under these plans. There is a sustained tendency on the part of the insurers to take over these rejected risks on a direct basis upon the expiration of coverage by assignment.

Test Payroll Audits

Particular interest was shown in the section of the report devoted to test payroll audits, particularly in view of the fact that the Bernard Botein investigation in New York indicated that the premiums being collected by the companies were far less than what they should be. The National Council test payroll audits do not indicate any such a situation. Since the inception of the test payroll audit program in 1935, about 7,600 risks have been audited. These have involved premiums of slightly less than \$3,800,000 and have developed a net additional premium of about \$131,500. This is slightly less than 3½ percent of total carrier premium on all the risks audited. The number of serious controversial cases involving the improper application of manual rules and procedure again has decreased materially. Mr. Roeber states. The principal difficulties continue to be due to differences of opinion concerning the classification treatment of executive officers and groups of miscellaneous employees. The difficulties in connection with treatment of commissions, bonuses and board and lodging now appear to be of less importance. The major results of test auditing anticipated from now on appear to lie along the lines of promoting greater accuracy in auditing and a

Manufacturers Group Now in Handsome New Home

Spacious, new home offices in the Broad Street station building, Philadelphia, have just been opened by Manufacturers Casualty and Manufacturers Fire. Those invited to the opening day festivities were conducted through the quarters especially planned for the needs of the organization.

Executive offices extend across the Sixteenth street front. Private offices of President William F. Fischer, Executive Vice-president Robert N. Rose, Vice-president Leroy Wood and Vice-President John S. Walker, look onto Reburn Plaza. An executive secretarial room is centrally located in this suite and the board room adjoins.

Soundproofing, fluorescent lighting and air-conditioning are in evidence.

Established in 1916 in 2 small rooms at 925 Chestnut street, to meet the insurance needs which followed upon the passing of a compensation act, Manufacturers Casualty was one of the first of the profit-sharing participating stock companies issuing non-assessable policies backed by paid-in-capital and surplus.

Later automobile insurance was added and this department soon passed compensation insurance in premiums. The company now writes practically every form of casualty insurance. Bonding lines and accident and health insurance were added in 1939.

higher degree of uniformity in auditing practices.

Particular interest was shown in Mr. Roeber's reference to the Indiana bureau in view of the fact that last July an amendment to the Indiana compensation rating law became effective whereby the authority of the insurance commissioner to approve minimum rates was changed to provide that his approval shall be for maximum rates. Due to the fact that certain features of the 1935 rating law remain unchanged, the Indiana committee decided that the bureau should be continued for the purpose of inspecting and classifying risks, applying the merit rating plan and maintaining records of coverage through the filing of policy applications. The bureau will continue to apply the experience rating plan and will promulgate rates in accordance with the usual procedure, such rates to serve as the maximum rates for those risks. The bureau, however, will discontinue the stamping of policy applications for the purpose of maintaining uniform rates although the bureau may disapprove policies which are written at incorrect classifications or in violation of manual rules.

CASUALTY UNDERWRITER WANTED

Reliable stock company has opening for casualty underwriter. Must be experienced in automobile, compensation and liability. Age 30-40. Give complete information as to qualifications. All replies confidential. Address O-78, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

AVAILABLE

Claim Manager having 25 years' experience desires position with Casualty Company. Address Box O-76, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

WANTED

Casualty insurance underwriter. One who is somewhat familiar with Wisconsin laws. Please reply in own handwriting, stating age and salary desired. Address Box O-78, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

CASUALTY MAN WANTED

By large established Milwaukee local agency, metropolitan territory. Prefer man with either home office or local agency experience. In reply give complete information as to age, qualifications, etc. Address O-75, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

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Through its fleet of fast, modern trucks, experienced workmen, and a home office dedicated to service, this great organization serves you and your clients, better.

You will find it profitable to tie-up with the American Glass Company—it has the experience and training to carry through for you.

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CHANGES

Fahey Continental's New England Manager

BOSTON—A. L. Fahey has been promoted by Continental Casualty to manager of its eastern service department in Boston with supervision over the New England states. He started in insurance 24 years ago as an engineer in the Boston office of Standard Accident. He was with that company eight years and later was with Union Indemnity, New York Indemnity in Boston. For eight years he has had charge of engineering, auditing and agency departments in the Boston office of Continental Casualty.

Open Two Service Offices

Associated Indemnity and Associated Fire & Marine have opened service offices in Little Rock and Honolulu. President L. S. Moorhead has just returned from three weeks inspection trip to Hawaii, where the indemnity company is covering contractors on several large national defense projects for workmen's compensation insurance.

William Smith to Seattle

United Pacific has appointed William Smith manager of its western Washington claims department, with headquarters at Seattle. For five years he has had charge of the Portland, Ore., claim office.

Favors Division in Applying U. S. Tax

(CONTINUED FROM PAGE 24)

no reference to insurance in the earlier revenue act, but word got around that a supplementary bill would be introduced later this year which would include the insurance question. It now appears that there will be no such proposal made this year but that it will come up early in 1942.

About 125 attended both the morning and afternoon sessions of the insurance conference. The chairman was J. E. Keltner, treasurer of the three farm bureau insurance companies of Columbus, O. Secretary of the conference was Paul Edwards of the Indiana farm bureau insurance companies.

Special interest was taken in the talk of Frank Travers, second vice-president of Lincoln National Life, who talked on investment and economic trends affecting insurance today. Speaking from the standpoint of life companies, he expressed the belief that the best investment values today are in the United States government field, especially the defense issues plus selected investments in residence mortgages (owner occupied, medium priced, in good areas,

with emphasis on character of the borrower) plus a modest proportion of funds in well selected stocks. Other speakers were Victor Lutnicki, assistant counsel of the American Life Convention, on "Federal Wages and Hours Law as Affecting Insurance"; Harry M. Pontious, safety director Ohio Farm Bureau, "Is Accident Prevention a Farm Bureau Function?" and S. O. Walker, vice-president Farm Bureau Mutual Auto of New Hampshire, "Compulsory Insurance vs. the New Hampshire Plan."

Eighty Accident Ring Defendants at Hannibal, Mo.,

Thirty-six of some 80 defendants have pleaded guilty in the federal court at Hannibal, Mo., on charges of using the mails to defraud in connection with the operations of an alleged fake accident ring in northeast Missouri. The investigations covered cases that happened as far back as 10 years ago. The ring leader is Dillard V. Mardis, who at one time was head of an insurance company known as Old American Life & Trust of Kirksville, Mo. About 50 insurance companies paid losses under automobile liability and personal accident policies under claims manufactured by the ring. Among the defendants are many farmers without past criminal records and who have always borne excellent reputations in their communities. Some of these defendants are members of their school boards, county boards, town boards and some are active church workers. The list includes women from the age of 65 to 20 and a mother and daughter are involved in one case.

Mardis has not yet been arraigned. Most of those who entered pleas of guilty were given nominal fines. In no case did the fines exceed \$100. In other cases from 60 days to six months imprisonment was the penalty of the court but probation was given to most of these persons.

Chicago Adjusters' Party

Casualty Adjusters Association of Chicago held its Christmas party this week, with an attendance of about 500 claim men, physicians, industrial surgeons, attorneys and representatives of the industrial commission. There was a cocktail hour, followed by turkey dinner and an elaborate floor show. Arrangements were handled by R. T. Luce, Casualty Mutual, perennial secretary-treasurer. The Casualty Adjusters annual parties have been unusually successful, gaining a reputation for superior entertainment and offering opportunity for a real get-together of all those interested especially in compensation insurance.

N. C. Taxi Requirements Upheld

RALEIGH, N. C.—Attorney-general McMullan has ruled that municipal ordinances which require operators of taxicabs to file liability insurance or an adequate bond are valid.

Report Eastern Carrier Is Buying Taxi Combine

An eastern casualty company, which is believed to be General Transportation Casualty, owned by the Parmelee Transfer Company interests, is expected soon to take control of a merger and operation of three Evanston, Ill., taxicab companies. These are Radio, Safety and Black & White. The plan, without details as to the insurance carrier involved, was disclosed to the city council by M. M. Ball, head of Black & White. He explained the carrier became interested in purchasing a majority interest in the proposed taxicab combination because of the requirement of \$1,000 property damage coverage per cab in an amended city ordinance. Evanston taxis heretofore have been required to carry only \$2,500 of public liability. The information was given in connection with a proposed ordinance to be voted on this week to authorize increase of taxi fares 40 percent over the present 25 cents for the first mile and 15 cents for each additional mile.

San Antonio Claim Men Elect

SAN ANTONIO, TEX.—The San Antonio Claims Men's Association has elected these officers: J. H. Little, Travelers, president (reelected); C. W. Avery, Chapman Claims Service, first vice-president; E. R. West, General Exchange, second vice-president; C. F. Nichols, Fire Companies Adjustment Bureau, secretary-treasurer.

Ralph H. Winton, F. B. I., spoke on ways in which members of the association may cooperate with federal officers in securing the recovery of stolen automobiles transported across state lines and the arrest of the thieves.

Comprehensive Liability Discussed

DETROIT—Kenneth M. Lowe, Detroit manager of American Casualty, was host at a luncheon for the company's Wayne county agents at which the comprehensive liability policy was discussed. American Casualty has been writing this cover for more than two years with exceptional results.

J. F. Herbert of the home office underwriting department spoke, after which there was a question period and informal discussion among the agents.

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VINCENT CULLEN
President

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Robert C. Ream, President

99 John Street

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DECEMBER 31st, 1940

CAPITAL	\$2,000,000.00
Surplus	4,926,437.24
Voluntary Contingency Reserve	500,000.00
Reserve for Losses	4,594,168.33
All Other Liabilities	2,999,879.26
TOTAL ADMITTED ASSETS	15,020,484.83

NOTE: Securities carried at \$355,312.50 in the above statement are deposited as required by law.

CASUALTY • FIDELITY • SURETY
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POINTERS FOR LOCAL AGENTS

Successful Local Agency Advertising Plans Given

LITTLE ROCK—In reviewing various factors involved in successful local agency advertising before the Arkansas Association of Insurance Agents' mid-year meeting here, P. H. Hawes, director of agencies Central Surety, declared that he is firmly convinced that advertising is worthwhile or countless agents would not be getting good results from it. When contemplating an advertising program, the agent should first consider what phase of his agency operations offers the greatest opportunity and on that basis establish a definite objective. An advertising program must be adjusted to the size and age of the agency, sales force, population of the community, type of clientele, competition, season of the year and business conditions.

Three Sales Fundamentals

There are three fundamentals in the setup of every agency that have great advertising value. First and foremost is knowledge of the business. There is no better advertisement than to have people say, "He knows his stuff," and when that idea once becomes established it really spreads. Second among the fundamentals is "leg work." "When you meet your customer or prospect on his own ground you have an opportunity to see and hear what his problems are and to demonstrate the protection and service you have to sell. In this highly personalized business of ours, we cannot overly emphasize the importance of personal calls," Mr. Hawes stressed.

The third fundamental is maintaining an orderly and efficient office.

Advertising Only Means to End

Advertising will not do the entire job, it is merely a means to an end. In most instances, too much is expected of it. The agent should establish a definite aim and philosophy for his advertising. Mr. Hawes suggested that the aim be to implant an idea in the mind of prospects. To be successful this must be followed up. Continuity is also essential in an advertising program. Doing something different always makes the best advertising.

Mr. Hawes urged agents with ground floor space to maintain attractive window displays. Displays should not be left in too long to become frowsy and dusty. Mr. Hawes offered several suggestions on window displays. Merchants will be glad to provide merchandise in return for a sign in the window indicating that it was furnished through the courtesy of the merchant. Golfing and other sports equipment can be used in featuring sports liability. Residence burglary, and personal property and personal effects floaters can be featured with furniture in the window at the beginning of the vacation season.

Bring In Children

It is always well to bear in mind that children and their activities are closest to the hearts of their parents. By developing awards for outstanding work among the students on traffic safety or fire prevention work and by holding essay contests on insurance among students studying that subject in school, beneficial publicity will result.

In using blotters, Mr. Hawes suggested personalizing them by having the name of the person receiving a blotter appear on it. Another successful medium is furnishing of year books and

desk diaries to good customers. Mr. Hawes suggested that the agent keep a record sheet on the people receiving various gadgets as "none of them are worth a hoot unless you follow them up."

Mr. Hawes recommended agents get away from "this giveaway stuff and get down to some sales promotional work." He suggested the use of sales letters in order to shorten the time between the first contact with prospects and sales and to pave the way for personal calls. Letters also help keep the agency before the public. No pains should be spared in making letters attractive and forceful. Many people get the first impression of an agency through these letters. "When you call on a prospect you are able to speak and announce your presence, but your letter cannot do so but must attract attention in some subtle way. In composing the letter it is important to bear in mind the cardinal point that the person receiving it is most interested in himself and he will not be interested in protection or services offered unless he can see in what way it will contribute to his security, happiness, convenience or profit. Right at the beginning of the letter it is advisable to point out how the particular protection being offered will do these things. Your prospect is also interested in having just a little bit of an edge on his fellow men. Flatter him by stating that you are offering a little known coverage or some

unusual service. Give your letter the same note of sincerity that would be reflected in your sales talk."

Local agents waste a tremendous amount of money on poor newspaper advertising, Mr. Hawes stated. However, this space can be profitably used if the agent will devote some thought to his sales program. One agent made an arrangement with his paper to have a small advertisement on page one featuring the particular coverage involved whenever a local fire, automobile accident, burglary or other mishap of consequence was reported.

Advertising material furnished by the companies can be used to supplement personal letters and calls. It is important that it be used intelligently. Every new circular brought out should bring to the agent's mind certain people that it will fit. Mr. Hawes suggested that these circulars be sent to selected customers and prospects with personal letters followed up by a personal call.

Agents Should View Risks from Underwriting Angle

JACKSON, MINN.—O. J. Eastman, secretary Northwestern Fire & Marine, talked on "How the Home Office Ticks" at a meeting of the Southwestern Minnesota Agents Regional Association here. He advised the agents to get acquainted with home office operations and how they work.

He divided home office operations into six departments: Investment, agency, underwriting, loss department, accounts and statistical and production. All six are related to one another and depend on one

Agent Has Obligation to Assured to Determine Companies' Soundness

While agents are representatives of their companies, they frequently have to determine in which company their clients' insurance should be placed and therefore should be able to judge a financial statement, according to R. P. Stockham, assistant manager and secretary North British & Mercantile. Mr. Stockham spoke at the quarterly meeting of the Minneapolis Underwriters Association.

Pointing out that shortly insurance companies will begin to issue annual statements, he said that since seldom does assured know the financial condition of the companies which carry insurance, he must depend on the judgment of the agent. He is entitled to assume that the agent has satisfied himself that the security behind his policy is sound, and that in case of loss, whether it occurs soon or just prior to the expiration of a five-year policy, he can collect indemnity regardless of intervening economic or financial changes, conflagrations and other catastrophes.

Companies Must Be Ready

No fire insurance company can safely entertain the theory that large conflagrations are a thing of the past, Mr. Stockham said. They have to maintain their ability to pay with reasonable promptness, extraordinary claims arising from conflagration or other catastrophes, in good times or bad.

Most agents are provided with condensed financial statements early in the year. An understanding of the various items in a statement and application of a few simple tests will be helpful to the agent in determining the quality

and liquidity of the security afforded assured. Mr. Stockham deplored a "defeatist attitude" on the part of some who feel they have to be trained in accountancy or finance to understand a financial statement.

Adequacy of surplus to policyholders, including voluntary reserves, can be roughly determined by figuring the percentage of surplus to total assets. For the 20 companies that led in net premiums written in 1940, surplus averaged 57½ percent of the total assets at the end of the year.

Net Premiums to Assets

Ratio of net premiums written to total assets bears an important relation to adequacy of surplus, because the greater the volume the larger will be the two principal liabilities, loss reserve and unearned premium. If the sum of these two liabilities is 40 percent of total assets, then for every dollar added to these liabilities through an increase of premium \$2.50 would have to be added to assets if the ratio of surplus to total liabilities or to total assets is to be maintained.

If net premiums written are not shown in the balance sheet, the ratio of unearned premiums to total assets will serve as a guide because premium volume and unearned premium usually move in the same direction, up or down. A lower percentage of unearned premiums indicates greater assets and therefore greater surplus protection, assuming there are no large liabilities of an unusual character; while a higher percentage indicates fewer assets and less surplus protection.

another, he said. If one stops, all stop.

"The underwriting department probably is of most interest to the agent because that is the department with which he has most contact," Mr. Eastman continues. "The problems of that department are increased or reduced in proportion to the type of agent that represents the company. If the agent is intelligent, knows his business, cooperates with the home office, the problems of the underwriting department are greatly minimized because the agent does the underwriting to some extent for the company."

"You agents should view the business you write as though you were an examiner on the company's desk. Is the property in good shape physically? What can be done to eliminate any given fire hazards? Is the assured making money? Has he a fire record? And after viewing the risk from all angles, if you then submit the business to the company with your unqualified approval, a good share of the underwriting job has been done."

Wise Local Agent Will Develop Life Business Now

There are several reasons, aside from an increase in income, for the production of life insurance business by the agent selling general lines, Charles J. Zimmerman, general agent at Chicago for Connecticut Mutual Life, brought out in a recent talk before the brokerage supervisors of Brooklyn and New York City.

The local agent is in a particularly good position to write certain lines of life insurance which the average full time life agent can't get at. In most instances he has close contact with the heads of corporations and other large businesses. He has already established a certain amount of prestige or he wouldn't be handling the account. If he is alert to life insurance possibilities, he will know when to bring up the subject. For instance, if a business is increasing its fire insurance, then inventories are increasing or the firm is expanding. Another signal is an increase in compensation coverage, which shows expanding payroll.

Need More Now

In a period of expansion there is both the need for life insurance protection and the money to pay for it, Mr. Zimmerman pointed out. Key executives are making more money, and there may be more of them. The opportunity is there for business life insurance, pension trusts, etc.

The local agent not only knows what is going on in his client's business but also some of the things that transpire in his home. If the client calls up and wants protection on a \$2,000 diamond bracelet, a second car, a new home, or what not, the local agent immediately is aware that the client is "in the money." One of the prime qualifications of the life insurance prospect is his ability to pay, and the local agent knows this much more readily than the regular life insurance agent.

The difficulty today is that the local agent pretty generally is a busy man. His income is up because business generally has improved. It is not his doing. Consequently the local agent is less apt to listen than he was in the last depression or is apt to do in the next one.

Overhead has expanded for the local agent along with his business. He isn't

responsible for the present general situation and he couldn't control a decrease should a period of readjustment come along. At present much of the increased premium income is due to large defense accounts which would disappear if the present defense situation resolved itself.

Mr. Zimmerman suggests that the production of life insurance in such an agency will act as a cushion when the dull period comes. Life insurance renewals would do much to take the place of compensation, fire and other premiums that don't renew at that time. If the local agent waits until the depression comes, then it is too late.

The life agent has two tough problems, finding the prospect who can pay and getting before him favorably. The local agent starts with these two problems largely solved. Mr. Zimmerman said that one local agent selling life insurance through his agency has produced a million dollar's worth of business the past year.

Mr. Zimmerman said few local agents realize how many life producers sell general insurance lines, and if the local agent sells life insurance, he is protecting his regular business against this competition.

Market Closing for War Risk Cover

(CONTINUED FROM PAGE 4)

premium, and of course there were no losses.

Aside from war risk, there is the matter of sabotage. While the word sabotage has been eliminated from the broad form of vandalism and malicious mischief endorsement, insurance men believe the form is broad enough to cover. At the same time, elimination of the word has drawn a line and underwriters will be more inclined to emphasize this line now. However, insurance men believe that the chance for sabotage under the vastly increased protection that will be thrown around business and industry is even less than it has been. There has been little or no evidence of sabotage throughout the defense effort so far.

See No Changes Now

While the insurance people were stunned by the outbreak of war, their first reaction was that there would not be a great deal of effect on regular insurance business. Demand for coverage may intensify, and the market may grow even tighter, as it did in the last war. The present situation certainly will increase the problem of manpower, which already has become a serious one to the insurance business all down the line.

While few insurance men with responsibility have viewed defense prosperity with much enthusiasm, the outbreak of war had a sobering effect. They are certainly putting aside any differences they may have felt with the administration. They recognize that the war will require real sacrifice and may take a long time. One executive said, "They can have all I possess if it is necessary to win. Aside from patriotism, if we don't win, what dollars and cents I have won't be of any use to me."

There seems to be little doubt that some form of taxation on insurance premiums now will be applied, and that fairly soon. During the last war there was a 10 percent surtax on premiums which were passed on to assured.

Aid in Conservation

Insurance may be called on even more than heretofore during defense to provide aid in "conservation," as it was in the last war. One field man recalled that he was one of many called upon to make regular inspections of all resources in his territory, such as lumber yards, wholesale groceries, mills and elevators, factories, etc. These inspection reports covered goods on hand, safety precautions, etc., and they were made each time he went into the district. Before he took care of company business he made these inspections and

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Richmond, Va., Mutual Bldg. Phone Dial 3-8359
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put his reports in the mail to the governmental authorities.

Treasury Secretary Morgenthau has frozen all Japanese funds in the United States. One company indicated early in the week that it would not pay any credits, including loss claims, to any Japanese national until it had specific authority to do so from the government. Other companies and the adjusters are expected to take the same position.

Commissioner C. F. Hobbs of Kansas, president National Association of Insurance Commissioners, and C. W. Hobbs, former Massachusetts commissioner and now representative of the commissioners' association on the National Council of Workmen's Compensation Insurance, were continually getting mixed up at the

commissioners' convention. For instance, C. W. Hobbs found in his room on Monday evening two quarts of the best Scotch together with a bucket of ice. He was immediately entranced at the gift. He opened the envelope and was impressed with the fact that he had been the recipient of this gift from a friend. Then he looked at the envelope and saw that it was addressed to Charles F. Hobbs.

Value of Treated Timber Demonstrated in Fire

The value of treated timber from the standpoint of fire resistance was demonstrated in the huge Boeing Aircraft plant at Vancouver that has now been completed. The frame and roof trusses were

constructed of treated timber whereas the exterior walls were constructed of plywood and untreated wood-framed sash. When the plant was near completion, fire broke out in a wooden office building 30 feet from the main plant building. Before the fire fighting apparatus arrived, the main building had been exposed 45 minutes to a fiercely burning fire. When a hose was brought into play, the plywood sheathing had entirely burned, but the charring of the treated truss and column timber was no deeper than three-eighths of an inch. The "Engineering News Record" states that treated timber is not only a defense material of first rank, but it is a new material for peacetime application. Treating of the timber consists of impregnating it with chromated zinc chloride.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Illinois Agents Set Meeting Dates

The annual short course school of the Illinois Association of Insurance Agents will be held at Champaign March 12-14 and the annual meeting at Springfield, Nov. 5-6, 1942, directors decided at a meeting in Chicago. The school, which will be the third annual school held by the association, will be in collaboration with the School of Commerce of the University of Illinois. Wade Fetzner, Jr., W. A. Alexander & Co., Chicago, is educational chairman in charge of preparing the program. The Abraham Lincoln hotel, Springfield, will be the annual convention headquarters as in previous years when the meeting was held there.

The agents were to have considered the question of General Motors dealers securing Illinois licenses as insurance agents, but a heavy agenda prevented this matter coming up. A committee on the subject has not been completed but soon will be announced by President McCullough Winters of Quincy. Lyle H. Gift, chairman, presided at the board meeting.

Regional Vice-presidents Meet

The regional vice-presidents also held an organization meeting with Eugene F. Engelhard, Chicago, executive vice-president, presiding and decided to hold their second annual caravan in May. Places to be visited in the state will be decided later.

The W. H. Jennings silver cup announced at the annual meeting recently is to be awarded in 1942 in the membership drive that was planned at the Chicago meeting. The award will be based on increase in number of new members and best retention of present members. This cup, donated by W. H. Jennings, Jr., Rockford, past president, will be retained for one year by the regional vice-president whose region makes the best membership record, and permanent possession will be given if it is won three consecutive years.

The entire board attended the meeting except J. B. Oakleaf, Moline, and P. B. Hosmer, Chicago, the latter having been ill.

Michigan Mid-year Set for Feb. 12-13

LANSING, MICH.—The mid-year conference of the Michigan Association of Insurance Agents will be held at the Hotel Olds here Feb. 12-13, according to preliminary plans made at a meeting of the executive committee here.

The conference is to be strictly educational in nature. The program will be drafted by Carl F. Trager, state treasurer, and A. A. Smith, local arrangements chairman, both of Lansing, and Waldo O. Hildebrand, secretary-manager.

There will be the usual informal dinner meeting on the evening of Feb. 12, following committee sessions in the afternoon. There will be a group luncheon on the 13th. It is likely that the possibilities of a "Jinx Day" program, appropriate to Friday, the 13th, will be exploited.

Approve Committee Set-Up

The executive committee discussed and approved the standing committee appointments of President Guy M. Cox of Iron River, who was present along with 16 others of the 21 members of the committee. Only minor changes were made in the committees, with all of last year's chairmen retained with the excep-

tion of the selection of Chester W. Dow, Flint, as head of the educational committee succeeding Carl Trager, whose duties as treasurer and finance committee chairman will occupy him during the current year. Mr. Dow is the new executive committee member from the Flint area. Special commendation was accorded to the work of the automobile insurance study committee headed by Alfred I. Dreifus, Detroit.

The executive committee praised the Michigan department for some of its recent activities and rulings and expressed confidence that agency interests would be justly dealt with.

Michigan Campaign Starts Next Month

DETROIT—The Michigan Business Development committee, headed by R. D. Billings, Detroit Fire & Marine, plans to launch its winter campaign the middle of January with a series of 14 meetings throughout the state held in cooperation with the Michigan Fire Underwriters Association, Surety Association of Michigan and Michigan Association of Insurance Agents.

Tentative plans call for meetings in Detroit, Flint, Lansing, Battle Creek, Kalamazoo, Saginaw, Traverse City, Marquette, Port Huron, Houghton, Iron Mountain, Escanaba, Ann Arbor and Benton Harbor. Agents will be invited from surrounding cities so that every stock company agent in the state will have the opportunity to attend a meeting in his own locality.

At the preliminary meeting of the committee it was agreed that the meetings will be more in the nature of panel discussion sessions than of lecture meetings, as in the past. The Detroit meeting, however, will be a lecture session due to the large number of agents expected to attend. Plenty of question time will be allowed in all meetings. Dates for the various sessions will be announced shortly.

Field Men to Talk on Basic Topics at Minn. Regionals

MINNEAPOLIS—Six basic subjects, covering insurance fundamentals, have been selected by the educational programs committee of the Minnesota Association of Insurance Agents for presentation by volunteer field men before Minnesota regional groups. Bookings are now being arranged through the office of Frank S. Preston, executive secretary.

The subjects and the field men who will present them, as announced by Howard Williams, Mankato, chairman of the educational committee, are:

History and types of companies, by John G. McHale, New York Underwriters, and S. W. DeWaard, National Liberty.

Mechanics of company operation, C. R. Bock, Royal-Liverpool, and K. L. Hingst, American of Newark.

Law of agency, by Dean Perry, Fire Association, and Leonard E. Zell, Hanover.

Engineering organizations behind the policy, Carl H. Johnson, United States Fire, and Frank S. Sather, St. Paul Fire & Marine.

Service in adjustments, Paul Olinger, Connecticut Fire, and Roy B. Nienhauser, R. M. Neely Co.

The Minnesota standard policy, Louis L. Law, London Assurance.

"The state association greatly appreciates the offer of these men to devote the necessary time and research to prepare these lectures and deliver them to

each of the active regional associations, at their regular meeting dates," Mr. Williams said. "This is the beginning of a service which will have a real value in improving the selling ability of association members."

Home Town Party for New Illinois President

The new president of the Illinois Association of Insurance Agents, McCullough Winters, was guest of honor at a dinner in his home city of Quincy that was sponsored by the Miller, Castle & Freiburg agency of that city.

The agency sponsoring the dinner also came in for special attention because F. Boyd Castle and Max E. Freiburg were presented with 25-year insurance company service certificates. Mr. Castle was given an award by Ross J. Harmon, associate state agent of Home, and was presented with a clock by E. D. Smith, special agent of Fidelity-Phoenix Fire. Mr. Freiburg was given an award by A. H. Knight, state agent of Home.

The toastmaster was R. H. Gregg, state agent of Crum & Forster. He introduced Mr. Winters who made a brief talk. Other speakers were John T. Reardon and Carl Schmiedeskamp.

Fetes Lawton-Byrne-Bruner

The State of Pennsylvania tendered a luncheon the other day to the Lawton-Byrne-Bruner agency of St. Louis and presented a certificate to President Carl Lawton of that agency, who has represented the State of Pa. for more than 27 years. The company was represented on the occasion by Vice-president Samuel P. Rodgers and State Agent Robert G. Blair. Besides Mr. Lawton the members of the agency on hand were Leslie E. Bright, W. H. Ebrecht, T. L. Farrington, Briggs A. Homan, Arthur A. Jordan, R. E. Lortz and Mason Miller.

Regional Rally at Sleepy Eye

Rural agents' problems and possibilities were discussed at a regional meeting of agents at Sleepy Eye, Minn., by Guy Rolien, Milaca, chairman of the rural agents' committee of the Minnesota Association of Insurance Agents. Marine insurance was explained by W. A. Middleton, Automobile. Frank S. Preston, executive secretary of the state association, and Howard Williams, Mankato, chairman of the educational committee, were guests. Adolph Meile, New Ulm, regional president, presided.

Want Commerce School Separate

MILWAUKEE—The Wisconsin Association of Insurance Agents has adopted a resolution favoring the establishment of the school of commerce at the University of Wisconsin as a separate unit and has so advised university authorities. The action was taken by the officers and members of the executive committee following an investigation, in line with instructions when the matter was presented to the recent annual convention here by the resolutions committee.

Asks General Mutual Dividend

Superintendent Lloyd of Ohio has asked the court of common pleas to approve paying a 23 percent dividend on approved claims of the defunct General Mutual of Marion, O., now being liquidated under order of the court.

Ohio Mid-Year Meeting Set

The mid-year meeting of the Ohio Association of Insurance Agents will be held at the Deshler-Wallick in Columbus May 13.

A dinner will be given in Columbus Jan. 19 for Max M. Fuls of Chillicothe.

Pall of War Hangs Over Commissioners Meeting

(CONTINUED FROM PAGE 10)

"The question of the valuation of bonds acquired by private sale was discussed. Mr. Griffin of Moody's suggested that where reliable market quotations are available they should be used. He also suggested that the following note be included: 'Private sales. For bonds so acquired, if amortizable, on which no values are printed in this book, enter the amortized values in the market value column of part 1 of schedule D as well as in the amortized value column.'"

"It was decided to refer to the full committee the question of the propriety of the purchase of bonds by private sale by insurance companies."

The purchase by insurance companies of bonds by private sale was discussed. It was considered inadvisable to take any action at this time but that the committee on valuation of securities should give consideration and study to the matter.

Canadian Currency

Another matter brought to the attention of the committee was the rate of exchange on Canadian currency. It was decided that the rate promulgated by the Canadian foreign exchange control board should be used for the Dec. 31, 1941, statements.

Gontrum of Maryland, chairman committee on central office and executive secretary, reported that the council of state governments near the University of Chicago, located in a splendid building, would be willing to house the office of the National Association of Insurance Commissioners at a cost of \$7,500 including all secretarial service. This would give efficient service of all kinds, he said.

Gontrum wanted it submitted to the executive committee with power to act. It was finally decided to refer the matter to the executive committee for study and that recommendation be made at the annual meeting.

NEWS BRIEFS

The professional football game Sunday between the New York "Giants" and the Brooklyn "Dodgers" proved too strong a counter-attraction for the executive committee meeting, so it was postponed from 2 p. m. to 5:30. By the later time, extra papers were shouting the war with Japan, so Chairman Harrington had a difficult time getting the group down to business.

Blackall of Connecticut and Sullivan of Washington had a lively topic in common—bridge collapses. An interested group listened to them compare notes after the executive committee meeting.

C. W. Hobbs, former Massachusetts commissioner, special representative of the commissioners group on the National Council on Compensation Insurance, was on hand to confer with commissioners on compensation problems. Mr. Hobbs has been reducing his waistline on doctor's orders and his friends were quite interested in investigating the new roominess of his vest.

newly elected trustee of the association representing a dozen counties in central Ohio. On the committee in charge are: T. J. Macklin, Hugh L. Meek, F. E. Lauterbaugh, F. E. Kirkpatrick, Robert Klie and H. T. Minister.

Dakin, Martin in Youngstown

Karl Dakin, Lebanon, and Virgil Martin, Columbus, president and secretary respectively of the Ohio Association of Insurance Agents, will be special guests at the annual meeting of the Youngstown Association of Insurance Agents Dec. 16. M. M. Weibling is

now president of the association and George McNab, secretary.

F. B. I. Man Speaks in Toledo

Ira Broughton of the F. B. I., discussed "Counterfeit Money" and showed films on the subject at the Dec. 9 meeting of the Lucas County Insurance Board in Toledo.

Neb. Mutuals Meet in March

The Nebraska Association of Mutual Insurance Companies will hold its convention March 17-18 in the Castle hotel, Omaha. A. H. Schultz, Scribner, is president, and O. S. Gilmore, York, is secretary-treasurer.

Lawrence, Kan., Agents Elect

Mrs. Ann Stone of the Manley Agency and Rosa Robinson were re-elected president and secretary-treasurer of the Lawrence (Kan.) Association of Insurance Agents at its annual meeting. C. E. Louk was named vice-president.

Mo. Buyers to Hear U. & O. Talks

R. K. Hill, superintendent of the improved risk and brokerage department

of Springfield Fire & Marine, Chicago, will discuss fire use and occupancy, and L. G. Wimmer, assistant to the vice-president, Hartford Steam Boiler, machinery U. & O., at a meeting of the insured members' conference of the Associated Industries of Missouri in Kansas City, Dec. 16. They will address the St. Louis buyers group Dec. 18 on the same topics.

NEWS BRIEFS

The Wichita Association of Insurance Women will hold its semi-formal Christmas party Dec. 17. At a "study meeting," George Hampton, state agent Phoenix of Hartford, discussed "Auto Comprehensive."

Paul Dow, Kansas City, manager of Hartford Accident, spoke at a dinner meeting of the Hutchinson (Kan.) Insurance Women. It was a Christmas party.

Fire hazards to different types of property, particularly those in rural territory, were shown in pictures at a meeting of the Mutual Insurance Club of Columbus. A discussion of hazards and plans for preventing fires followed.

Haid's Condition Now Improved

NEW YORK—At latest accounts Paul L. Haid, president of the Insurance Executives' Association, who was taken seriously ill Dec. 2, was showing improvement, and the hope expressed that if permitted the complete rest ordered by his physician, he would be up and around in the course of a few weeks.

N. Y. Exchange Meeting

NEW YORK—At the meeting of the New York Fire Insurance Exchange Wednesday the revised rates and rules on vandalism, malicious mischief and other types of coverage were referred to the rates, rules and forms committee, with power for adoption and publication, "Subject to concurrent action by other divisions of the state." Proposed agreement changes, earlier recommended by the executive committee and which it was anticipated would evoke spirited opposition, were withdrawn for further consideration. Paramount Fire was elected to class 1 membership. The special committee submitted a memorial upon the late James J. Hoey.

Danger in Competition

When companies attempt to lay out a plan for insurance for the smaller buyer and put insurance on easier terms for any purchaser, there is danger of competition when one company may vie with another. That is seen in Rochester, N. Y., in connection with the selling of automobile insurance on the weekly premium instalment plan. About three years ago an agency started this method with a carrying charge of 18 percent. The solicitors seeking buyers of this insurance followed largely the plan operated by industrial life companies. Then some months ago another agency began to advertise that it would write automobile insurance at \$1 a week without service or interest charges.

the Parkerson General Agency, also general agent of First National.

F.C.A.B. Shifts in Southeast

W. H. Davidson, Richmond manager of the Fire Companies Adjustment Bureau, has been transferred temporarily to Atlanta, where he will be in charge while H. L. Collier, Jr., the manager, is in the field supervising airplane losses in that territory which are said to have been rather heavy in recent weeks. R. R. Connelly, formerly an adjuster in Richmond, who has been in Birmingham in a similar capacity for several years, has been transferred back to Richmond. R. B. Leary, for several years special agent in Richmond of Underwriters Salvage Company, has joined the Charlotte, N. C., office of the F. C. A. B.

Westervelt Confers in Miss.

F. W. Westervelt, Jr., New York, assistant director Business Development Office, conferred Wednesday in Gulfport, Miss., with C. H. Brandon, Gulfport, chairman Mississippi B. D. O. committee, on activities in Mississippi. There also was a joint meeting with the B. D. O. Committee of Mississippi fieldmen of which Louis Upshaw, Crum & Forster group, is chairman. Mr. Westervelt addressed the Mississippi Coast Underwriters Association at a meeting in Gulfport on "Organized Selling." C. P. Long, Gulfport, Coast association president presided. Miss Laura Rankin, Gulfport, is secretary.

Enlist Volunteer Fire Fighters

RICHMOND—The Virginia Defense Council reports a steady increase in enlistments in volunteer auxiliary fire-fighting forces in all sections of the state. The volunteers will be trained by



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IN THE SOUTHERN STATES

Tenn. State Fund Surreptitiously Comes Into Being

NASHVILLE—A local newspaper featured the charge that Governor Cooper of Tennessee had outmaneuvered the insurance interests. A bill introduced in the legislature last January seeking to set up a self-insurance fund to displace all insurance on state owned property was defeated, largely through the efforts of the Tennessee Association of Insurance Agents led by Manager R. T. Cawthon. Now it is claimed by Fred Graves, director of the state bonds and insurance department, that all but a very small amount of (unexpired) insurance on \$20,000,000 worth of state property has been allowed to lapse and that a self insurance plan is now in force. The explanation being given to agents is that, after defeat of the measure, providing a state fund, provision was made for it by an amendment to the state miscellaneous appropriation bill. An examination of the printed bill doesn't show any reference to such a matter, but it does provide for a \$350,000 emergency fund subject to appropriation by executive order of the governor. Since the governor sought a self-insurance fund of only \$150,000, such a sum could be legally set up out of this "emergency fund."

Director Graves is quoted as saying that the "Governor's self-insurance plan is a success with the state saving \$40,000 to \$50,000 annually in insurance premiums." Fire losses on state property for the year to date (the largest single loss being at the U. T., Junior College, Martin last June) have amounted to \$40,000, admittedly a heavy deduction from a fund of only \$150,000, with about half of the state's fiscal year yet to go.

B. O. Duggan, commissioner of the state board of education, questioned about insurance on property of the board, admitted that all insurance had been dropped on \$7,000,000 worth of school and college buildings, many of which are not fireproof.

The executive committee of the Tennessee Association of Insurance Agents, scheduled to meet in Nashville Friday, may formally demand an explanation from Governor Cooper.

Conclude Charlotte School

CHARLOTTE, N. C.—An insurance school sponsored by the Charlotte Insur-

ance Exchange has just been completed here. It was said to have been one of the first under the educational program adopted by the National Association of Insurance Agents at its recent convention in Kansas City.

Speakers included Frank M. Bullen, assistant secretary United States Casualty, and Clarke Smith, assistant manager brokerage, general cover and special service departments of the Royal-Liverpool groups.

Ernest F. Young, president of the Charlotte Exchange, was in charge of the sessions.

La. State Fire Marshal Gets Back Special Tax

NEW ORLEANS—The state of Louisiana has been ordered to turn over from its general fund \$61,839 sought by State Fire Marshal Fournet, the Louisiana supreme court having upheld the ruling of the lower court.

When the state reorganization act went into effect, Fournet found his office under the jurisdiction of the department of public safety headed by Police Superintendent Alford and the fire marshal's tax paid by the insurance companies went to the general fund, the state apportioning Fournet what it thought was needed to run his office.

When the reorganization act was declared unconstitutional, Fournet contended that his department reverted to its old status and proceeded to set it up on that basis. He secured a temporary injunction restraining Alford from interfering with him in the operation of the fire marshal's office, and then sued to recover from the general fund the proceeds of the state fire marshal tax, which under the old law was payable directly to his department.

Drops Participating Form in La.

NEW ORLEANS—The First National of Seattle will withdraw its participating policy in Louisiana as of Dec. 31. Alfred M. Barnes, who with J. D. Parkerson, owns the New Orleans General Agency, general agent of First National, said the action was taken in order not to be in conflict with the recently adopted rule of the New Orleans Insurance Exchange which prohibits members from representing companies writing participating policies. Felix F. Kurz, vice-president of First National, was in Louisiana the past week, conferring with Mr. Barnes in New Orleans and Mr. Parkerson in Lafayette, where he heads

firemen, policemen and others who have completed the civilian defense course at the Edgewood Arsenal Chemical Warfare School in Maryland. Maj. Frank H. Wheeler of Clifton Forge is chairman of the state fire protective mobilization committee.

Membership Drive in Virginia

The Virginia Association of Insurance Agents has launched a drive for additional members. It now has 372 members and it is hoping the drive will bring in sufficient new members to run the total to 400.

NEWS BRIEFS

Lieut. Col. G. S. McHenry, local agent at Conway, Ark., has completed 12 months of service with the 153rd Arkansas Infantry at Camp Murray, Wash., and has returned to Conway to resume charge of his business. He is subject to

recall by the war department. The agency has been in charge of Mrs. McHenry.

C. W. Chappelle, secretary of Orient, was a New Orleans visitor.

Alvin Shepherd, New Orleans general agent, who recently underwent an appendectomy, is expected to return to his office at an early date.

Peter O'Reilly has been appointed special agent of the Kirk Moyer general agency in New Orleans. He was formerly with Henry A. Steckler.

Insurance loss in the fire at the refinery of the Phillips Petroleum Company at Okmulgee, Okla., is now estimated not to exceed \$100,000. The insurance was in the John G. Simmonds group.

The Augusta (Ga.) Board will hold its annual Christmas party on Dec. 19. W. W. Bush will be chairman in charge.

fornia Association of Insurance Agents and the Insurance Institute of California.

W. M. Sidebotham, special agent St. Paul Fire & Marine, also spoke on "Automobile Coverages."

NEWS BRIEFS

Byington & Rychard, Seattle agency and brokerage firm, has established a Portland office at 801 Porter building.

Eleven agencies have been awarded fire business amounting to \$165,000 on city properties of Nampa, Ida. Liability coverage also has been placed with the same agencies.

Pasadena Fire, which has been endeavoring to get started for some months, has filed application of a new permit to sell its stock.

The Insurance Girls Service Club of Los Angeles will hold its Christmas party and dance Dec. 17. It will be "bosses night."

The Insurance Women's Association of Portland Ore., has arranged a special program for Jan. 7. Commissioner Thompson will speak on "Types of Insurance Carriers Operating in the Pacific Northwest Today."

EAST

Source of Business Data to Be Kept Confidential

BOSTON—Commissioner Harrington, before the Insurance Forum of Boston, gave assurances that the detailed information now required by law from Massachusetts agents and brokers regarding their sources of business under the new 10 percent law will not become a public record and will not under any conditions be open to public inspection of competitors. The new 10 percent law prevents the licensing of any agent or broker who derives 10 percent or more of his business from an employer, or a concern with which he or his spouse is connected. The commissioner explained that the law was passed to end "legalized rebating" and that already several officials of banks and building and loan associations have surrendered their insurance licenses upon finding out their activities came under the new ban.

Commissioner Harrington strongly

PACIFIC COAST AND MOUNTAIN

Holmes of Montana Warns Against Over-Insurance

HELENA, MONT.—Commissioner Holmes has issued a statement calling attention to the fact that although an agent is a representative of his company he receives his remuneration from the policyholder, who in turn is entitled to fair, honest and conscientious counsel on insurance needs.

"Where an agent overinsures a risk, or causes an application form to be formulated in such a fashion that a policy will be issued thereon but which said policy is, under the Montana statutes, void or voidable by reason of misrepresentation or breaches of warranties contained in the application, he is not rendering service to the individual who paid him for expert counsel.

"Companies are protected against overinsurance through the 'actual cash value' stipulations found in all standard policies and may escape claim liability by holding a contract void from the beginning where misrepresentation or breaches of warranties are to be found in the application. An assured who pays a premium, part of which flows to an agent in commissions, on a value not to be found in the risk or on a voidable policy, has paid money for protection he never received.

Drastic Legislation Results

"Drastic legislation invariably follows in the wake of inequitable practices. Inequitable practices can never be continued without the insuring public becoming conscious thereof—then comes the reaction of public opinion and the passage of drastic control legislation.

"An agent must, if the business of insurance is to be continued in public favor, remember that the insured is entitled to receive value for every dollar spent in insurance premiums. Anything short of full value received will have its repercussions in adverse public opinion. Public good will is vital to the business of insurance."

Pacific Board Adopts Seal

SAN FRANCISCO—To identify policies and agencies of the companies which are members of the Pacific Board, in line with action taken at the semi-annual meeting, the board has adopted a design for a seal which will be attached to all policies, literature, stationery and other printed matter used by the companies. Agents also will be urged to use the seal on stickers to advertise the fact that they represent board fire companies.

Start Course in Los Angeles

LOS ANGELES—The Insurance Exchange of Los Angeles will offer to its members the educational course

sponsored by the California Association of Insurance Agents, through the Insurance Institute of California. The work will be under the supervision of its educational committee, of which Harold G. McGee is chairman.

The exchange held a meeting with the Casualty & Surety Fieldmen's Association of the Pacific Southwest to map out plans for joint participation in the course. Already 90 reservations have been made. The first class met Dec. 8. Two classes are being held each week till the course is completed.

Discuss Extended Coverage

PORTLAND, ORE.—The Portland Blanket Club heard T. B. Thompson, special agent North British & Mercantile, talk on fire insurance forms in general, and on phases of the extended coverage endorsement form No. 525. He stressed the importance of drawing policy forms accurately, selling the policy correctly and making it broad enough so that the loss will be adjusted before the fire occurs. A lively discussion of the fallen building clause waiver and smoke damage clauses of the extended coverage form followed.

William Hawksley, Firemen's group, spoke briefly on current events in the insurance business. Hugh Hammond, special agent Royal-Liverpool; Ben Allen, Pacific Automobile, and Robert Burke, special agent Selbach & Deans, were named to present current event talks at the next meeting.

Swanberg Spokane Manager

Northwestern Mutual Fire has transferred Jack Swanberg from field supervisor in southern Idaho to Spokane as manager. He succeeds John Nelson, who left the company recently to open a new agency in Spokane.

Empire State to Enter Wash.

The Empire State, affiliate of the Agricultural, is making plans to enter the state of Washington. Vice-president Wayne A. Seaver visited Seattle in connection with the contemplated move.

Cal. Directors Meet Dec. 13-14

LOS ANGELES—The new directors of the California State Association of Insurance Agents will meet here Dec. 13-14 to discuss the work of the year.

McKinney, Sidebotham at Fontana

The Riverside and San Bernardino Insurance Agents Association at a meeting in Fontana, Cal., Dec. 2 heard V. W. McKinney, special agent America Fore and head of the speakers bureau of the Southern California Fire Underwriters Association, explain the educational program sponsored by the Cali-

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Engineering Service—All Lines
The largest insurance agency in the State of Wisconsin

advised the insurance men not to take their troubles to the legislature and not to use the general court to secure competitive advantages, as such procedure usually resulted in a boomerang. He warned of the danger of federal control, objected to government regulated rates, except in the case of compulsory automobile liability insurance, and expressed his disapproval of the labor bill to make the Massachusetts workmen's compensation act compulsory under a state fund.

Insurance Fifth in Amount of Connecticut Taxes Paid

HARTFORD—Connecticut insurance companies last year paid \$2,638,540 in taxes to the state, providing the fifth largest source of general fund income, according to the annual report of State Treasurer Anastasio.

The revenue from the insurance tax was exceeded only by receipts from the corporation business tax, the inheritance tax and excise levies on liquor and cigarettes.

Taxes collected from the 42 Connecticut companies ranged all the way from \$1.62 paid by the Harwinton Mutual Fire to \$652,645 paid by Travelers. The 27 Hartford companies paid all but \$52,851 of the total.

Domestic companies pay 2 percent on premiums.

Name New Rochester Directors

ROCHESTER, N. Y.—The Underwriters Board of Rochester has named seven new directors: Ernest A. Paviour, Follett L. Greeno, Charles R. Mowris, Elmer S. Tiger, Howard R. Bacon, George J. Cleary and Theodore M. Childs. Directors will meet soon to elect new officers.

Retiring officers are: President, Samuel P. Connor, Jr.; vice-president, Philip C. Goodwin; secretary, Louis Hawes, and treasurer, Robert M. Markin.

Favor City Planning Division

BUFFALO—The Buffalo Association of Fire Underwriters heard a talk on city planning by James A. Whitmore, manager of the Buffalo City Planning Association. The association adopted a resolution endorsing the proposal to set up a division of planning in the city government. The next meeting will be held Jan. 7.

R. I. Agents to Conduct School

PROVIDENCE, R. I.—The Rhode Island Association of Insurance Agents will conduct a course in casualty insurance on Monday and Thursday evenings in Providence, beginning Jan. 12, and continuing for 11 weeks. The course will be conducted by Carleton I. Fisher of the G. L. & H. J. Gross agency of Providence.

N. J. Membership Goal 1,000

NEWARK—The membership committee of the New Jersey Association of Underwriters has set 1,000 as the goal for membership by March, when the mid-year meeting will be held in Newark. The membership is now 875, largest in its history.

Union County, N. J. Meeting

Topics of the day were discussed at the dinner-meeting of the Union County (N. J.) Association of Insurance Agents Tuesday in Elizabeth. Officers and executive committeemen of the New Jersey Association of Insurance Agents were guests.

Hudson County Christmas Party

JERSEY CITY—The annual dinner and Christmas party of the Hudson County Association of Insurance Agents will be held in Union City Dec. 16.

Charles J. Unger is chairman of the arrangements committee.

W. P. Kennedy Makes Change

W. P. Kennedy, former president and treasurer of Risk Analysis, has become associated with the Underwriters Reports of Boston and will service all his former clients. He has been in the inspection business for over 19 years and is well known in the insurance field.

The Syracuse Insurance Women's Association has 103 members. Miss Marjorie Hull, U. S. Fidelity & Guaranty, is president; vice-president, Marie-Louise O'Donnell, George B. G. Kelley Agency; secretary, Miss Alfreda Wagner, Massachusetts Bonding, and treasurer, Miss Lillian A. Roberts, Day & Munro.

There will be a Christmas party Dec. 16.

CANADIAN

Auto Experience in Canada for 18 Months Reported

TORONTO—Loss ratio on automobile public liability insurance, excluding passenger hazard experience, in Canada for the 18 months ending June 30, 1941, was 51 percent, according to figures prepared by the Canadian Underwriters Association. Other loss ratios for the same period, for bureau and non-bureau companies combined, on private passenger experience, were: Property damage, 57; collision full cover, 73; \$25 deductible, 52; \$50 deductible, 58; \$100 deductible, 59; fire, 37; theft, 37; average for all, 52. The public liability ratio was the lowest since 1936, except for 1939.

The report shows that 70 percent of the losses in the first six months of 1941 were incurred on business written in 1940 and therefore belong to the 1940 policy year. Therefore the 1940 policy year experience was largely affected by conditions during the first six months of 1941.

The study also shows indicated adjustments of rate levels for Canada to bring the experience to a 53 percent loss ratio basis for Ontario and 52½ percent for the rest of Canada. Plus figures indicate percentage increases required and minus figures reductions: Public liability, excluding passenger hazard experience, —3; property damage, +9; collision, full coverage, +39; \$25 deductible, —1; \$50 deductible, +10; \$100 deductible, +12; fire, —30; theft, —30.

Seek to Arrive at Commission Settlement

TORONTO—A series of meetings is being held in Toronto and Montreal this month which will formulate a new scale of commissions to be paid agents and agencies on fire business in Canada. These commissions, which will show a sharp scaling down from the maximums that have been and are being paid in larger centers, are reported being drawn up through the medium of the Canadian Underwriters Association, with the collaboration of both companies and representative agents' associations.

In some instances commissions on fire insurance have hit an average of 35 percent in larger cities, although in rural areas they have stayed fairly steady at about 15 percent. There are instances reported where commissions of 45 percent have been paid.

Rural agents felt they were not being treated right in comparison with their

city confreres, and the insurance superintendents have claimed that exorbitant commissions constitute one reason why premiums on fire insurance have been out of relation to the relatively low fire loss ratio.

Details of any contemplated changes have not been revealed, but it is understood that they may be close to those suggested in a resolution adopted at the annual meeting of the Ontario Fire & Casualty Insurance Agents Association.

Asks Auto Form Suggestions

TORONTO—Superintendent McNairn of Ontario, chairman of the committee of underwriters on automobile insurance standard forms, has sent a letter to insurers licensed to transact automobile insurance in Canada asking them to submit proposed changes.

Several proposed amendments to the uniform act have been approved by the superintendents of insurance but it was decided that any changes should be deferred until a sufficient number have been received to warrant the expense of reprinting the various forms.

Oppose Compulsory Auto Cover

VANCOUVER—The Independent Insurance Association of British Columbia has gone on record, in a letter sent out over the signature of J. P. McBeth, president, as opposing compulsory automobile insurance. The letter indicates that the association is prepared to fight any attempt to pass such legislation. It indicated a request has been sent to the

attorney-general not to submit legislation until all those interested had discussed it with the government.

Unearned Premium Cover in B. C.

VANCOUVER, B. C.—The British Columbia Underwriters Association has followed the Canadian Underwriters Association in adopting rules and forms for the writing of unearned premium insurance. The rate to be charged is one-half of the policy rate.

Hamilton, Ont., Agents Elect

HAMILTON, ONT.—R. C. Doering has been elected president of the Hamilton Fire & Casualty Insurance Agents Association, succeeding Hugh Rice, now in active service as a pilot officer in the Royal Canadian Air Force. Vice-president is F. E. Eagle and secretary-treasurer T. J. A. Ferguson.

Winnipeg Institute Opens Season

WINNIPEG, MAN.—N. J. Black, branch manager of Commercial Union, spoke on "Insurance as a Career" before a large gathering of Winnipeg insurance men at a dinner meeting which marked the opening of the Insurance Institute's educational program for 1941-1942. J. A. Dowler, secretary Canadian Fire, summed up briefly the progress of the institute since its inception 23 years ago.

Massie & Renwick, Toronto, have appointed Donovan Allen manager of the British Columbia branch.



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INSURANCE COMPANY**
~HARTFORD, CONNECTICUT~

**Its service and capacity
make it a good company
to have in your agency**

ONE OF THE TRAVELERS COMPANIES

NATIONAL INSPECTION COMPANY

CHICAGO, ILLINOIS

Service to Stock Fire Insurance companies for 38 years.
Inspections and Underwriting Reports.

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QUEEN CITY FIRE INSURANCE COMPANY
SIOUX FALLS SOUTH DAKOTA
D. P. LEMEN, President
1905 *Thirty-six years of service* **1941**

MARINE INSURANCE NEWS

North America Withdraws from Canadian Bodies

On the ground that some of the members of the Canadian Inland Underwriters Association are not observing their obligations, the North America and the affiliated Alliance have resigned from that organization and also from the Dominion Board of Underwriters. The management of the North America, however, expresses the belief that the sources of dissatisfaction will be cleared up and if this happens North America is prepared to again become a member.

When the Canadian Inland Underwriters Association was formed several months ago rules were adopted governing commissions under which agents were to receive a lower scale than most of them had been getting. There was immediately much protest from the agents.

Delay in Sending Out Agreements

Each company was obligated to send to all of its agents a new agreement to be signed. The agent was required to agree not to place business with non-member companies, in order to receive anything more than the minimum commission. North America contends that a number of the companies were extremely dilatory in sending out agreements to their agents and that is the principal reason why the North America is resigning.

Drabik Heads Wet Marine Department in Detroit

The Western Adjustment will open a wet marine department in Detroit Dec. 15, with Anton Drabik, marine surveyor, in charge. The Detroit branch of Western Adjustment is located in the National Bank building and is under supervision of Manager H. F. Johnston.

The wet marine department comes under the direct supervision of R. M. Ryan, superintendent of inland marine department in the head office of the Western at Chicago.

Mr. Drabik formerly had experience in the navy and coast guard. He also for a time was captain of one of the ships of the Fairwater Transportation Company of New York and subsequently was a marine surveyor associated with the Marine Surveying & Adjusting Company of Chicago.

He has had thorough experience on all classes, including yachts, lake hulls, cargo, and river equipment. Mr. Drabik will be available in the Detroit metropolitan area and also throughout the Detroit region. Assignments can be made direct to the Detroit branch of Western Adjustment or through the head office in Chicago.

Ore and Grain Traffic on Great Lakes Still Moving

BUFFALO—Some large lake ore vessels will continue to carry down-bound ore "for one more trip if favorable weather permits" in an attempt to reach a record season total of 80,000,000 tons, according to marine men here.

An unexpected push from Ft. William may mean that grain storage boats here will reach 50, compared with 34 last year, grain and marine men predicted.

Ore shipments to Dec. 1 totaled 79,281,279 tons with November shipments setting a new monthly high of 7,660,987 tons. Large ore carriers are sending their bigger boats back to the head of the lakes to try to get in one more trip before weather turns too cold.

A shortage of sea-going vessels in

coastwise trade due to the national emergency caused a net cargo loss of approximately 272,000 tons on New York's 800-mile barge canal system this season, now near an end. As many canal barges were available as normally, but they were unable to obtain as large cargoes.

NEWS BRIEFS

The Mariners, organization of marine men of Chicago, gathered last week for a dinner and showing of movies on football, bowling, boxing and hockey.

Talbott Carroll, president of the Seattle Board of Marine Underwriters, spoke on marine insurance at a meeting of the Seattle Blanket Club.

MOTOR

Car Won't Burn for Auto Investigators

ATLANTA—The difficulties involved in burning an automobile were demonstrated when a dozen field men of the Automobile Underwriters Detective Bureau made some startling experiments at the Georgia Auto Parts Company here in connection with their annual meeting. The automobile was subjected to every type of burning hazard supposed to be encountered in the normal operation of a car. Tests were made of the numerous causes claimed by people when they report their cars were burned. Every attempt to start a fire showed that extinguishment was a simple matter of an instant, with the use of a handkerchief, the hands, or any other means usually available.

At a round table discussion led by Manager Claude Patterson methods of detecting thefts and fraudulent fires were reviewed.

Threaten Rate Structure

John H. Dillard, Fireman's Fund, chairman of the theft committee, governing body of the Atlanta bureau, discussed problems of the member companies with respect to total fire losses. Intentional automobile fires are so numerous that they may ultimately threaten the rating structure, he pointed out. The bureau has been investigating automobile fires for the last three years with some startling revelations.

C. R. Durden, assistant bureau manager explained how to conduct investigations and to collate evidence.

M. R. McGruder, insurance editor, discussed protection afforded by automobile fire and theft insurance from the standpoint of the public.

What members of the bureau expect of it and its field men was discussed by V. W. McKinney, Atlanta, manager General Exchange. He emphasized the need for continued diligence in fire investigations and running down arsonists. He urged field men to not overlook their opportunity for contribution to good public relations.

Larson's Move Approved

TALLAHASSEE, FLA.—Commissioner Larson is receiving a great many letters commending the department on its stand in connection with insurance on finance contracts in deferred payment sales. Its holding that only licensed

All Classes of Ocean and Inland Marine Insurance

Complete Specialized Service

MARINE OFFICE OF AMERICA

WESTERN DEPARTMENT
INSURANCE EXCHANGE BUILDING
CHICAGO, ILLINOIS

Florida agents are authorized to place, handle or receive premiums in this field has met with general approval from the selling forces.

Kosmak with Non-Board Group

SAN FRANCISCO—E. C. Kosmak, well known automobile insurance man, who retired recently as west coast representative of the Recording & Statistical Corporation, has been appointed executive secretary of the California Automobile Underwriters Conference, made up of active automobile writing companies not affiliated with the National Automobile Underwriters Association or National Bureau of Casualty & Surety Underwriters. The appointment was made by Marvin Hewett, resident vice-president of Associated Indemnity in Los Angeles, who is president of the conference.

Consider N.A.U.A. Plan in Ohio

COLUMBUS—A special committee of the Ohio Association of Insurance Agents held a meeting here to consider the present plan of the National Automobile Underwriters Association of insuring financed cars on a wholesale basis at a deviated rate. It is expected that a report will be submitted at the next meeting of the committee, which is composed of G. I. Goodman, Cleveland, chairman; C. H. Watson, Dayton, and Gustave May, Cincinnati.

McCormack Offers Model Statute on Examinations

(CONTINUED FROM PAGE 5)

aminers should not collect more than \$15 and \$8 expenses. If accounting firms are employed, they should represent only one state or one zone. Solicitation of examinations by examiners would be prohibited.

Then there are a number of other recommendations for these statutes covering such matters as qualifications of examiners, the procedure of calling convention examinations, etc.

War and Its Immediate Effect Upon Insurance

(CONTINUED FROM PAGE 3)

bility that such things as movements in interest yields, increases and decreases in new business, bonuses, and expenses, and outlets for investments seem in comparison to be dwarfed almost to complete insignificance. To be required to write of them comes like an interruption to the contemplation of events fraught with consequences of life and death. It is almost as though, when on the way to stand trial for one's life, one was engaged in a discussion of the differences of nothing. This is an attitude of mind against which one must all the time be on one's guard; for in so far as the pursuit of the first essential—the defeat of the enemy—permits, it is necessary to keep the services and institutions of our civilization, of which life insurance certainly is one, in first-class working order, so as to assist in reconstruction after the war."

"Why Disability Insurance Is a Good Investment for You" booklets help sell accident and health. 100 copies \$2. Order from National Underwriter, 175 W. Jackson Blvd., Chicago.

FACTUAL APPRAISALS

Impartial Valuations of Industrial and Commercial Property... A quarter century of factual appraisal service to America's more conservative business institutions.

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APPRAISAL ENGINEERS

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DISTRICT OFFICES IN OTHER PRINCIPAL CITIES

Torrid Blast at Examiners' Fees

(CONTINUED FROM PAGE 6)

and company executives seek to have the progress of the examination speeded.

Mr. Holmes emphasized that he is not quarreling with the compensation of real specialists and experts that are engaged in such tasks as making actuarial determinations of outstanding contracts of life companies.

Not Investment Experts

Mr. Holmes said that clerical employees who get \$25 a day on examination work are grossly overpaid particularly when it comes to appraising investments. It is of no value to an insurance company to have an examiner check mortgage loans against the mortgage loan register, to verify the fact that a mortgage has been executed, that a note has been taken as evidence of a debt and that an attorney has issued an opinion on the mortgage title. In the main this is the usual and ordinary work done by the examiner, he said.

Most insurance companies desire to secure some outsider's opinion as to the value represented by their mortgages, he said. A verification of the documents supporting a mortgage gives no clue to the value of the property, he said.

In the matter of expenses, he said, it



should read this

Are you contented with your premium income? If not, the story in this booklet "Planned Progress" is important to you. Methods which sold insurance last year will not necessarily be the most successful methods you can use this year. Local agents who use new tested methods—who have a successful plan—will receive the rewards.

A Plan of Progress, described and offered to you in this book, applies the insurance survey method to your agency and your sales opportunities. It checks what you're doing with what you want to do and then helps you lay out a plan of action that will increase your premium income.

Does a Plan of Progress sound profitable to you? Then here's the first pointer to new profit. Send for your copy of "Planned Progress" today.

BOSTON INSURANCE COMPANY

Please send me a copy of "Planned Progress." I understand that this request places me under no obligation whatsoever.

NAME _____
ADDRESS _____
CITY _____ STATE _____

OLD COLONY INSURANCE COMPANY

is the practice for examiners arbitrarily to fix a flat per diem subsistence charge, usually \$7.50 per day. That usually exceeds the actual out of pocket expenses of the examiner. The expense account, he declared, should be a matter of strict indemnity.

Where an examiner's per diem is fixed by law, frequently his expense account will be higher than that of those examiners who are not limited on their per diem charges.

Controverted Facts

The amount paid to examiners, he declared, is excessive when it is realized that these individuals have no power to determine controverted facts and must call in the commissioner himself under those circumstances.

"When the examiner, self-hypnotized into the belief, because of the power delegated to him, that 'I am the state,' has made a nice mess of the examination, the call goes out to the commissioners of the examining states to assemble in a hearing of the controversy. Inevitably the whole matter becomes a tempest in a teapot. Yet the company has been put to added expense because one man, armed with power, has let power dethrone reason and common sense."

"Could it be," he asked, "that insurance company examinations have become a political pork barrel, to be made the most of?"

Mr. Holmes suggested the desirability of a rule of the commissioners' convention that the per diem of examiners should only be pro rate of their regular salary while at home. Such a rule, however, he said, might be ineffective because some of the commissioners might stand upon the doctrine of states' rights.

When most of the state departments have made no effort to control examination costs, the matter should be the subject of action by the commissioners' convention, he asserted. He said that the commissioners "must immediately purge the system of examinations of all that taints of politics, sharp practice and chicanery and put the examinations in step with the business of insurance, leaving no doubt that an examination is for the purpose of proving the financial worth of the company and not merely a vehicle to create executive salaries for a favored few."

Sloan Tells Results in Defense Work

(CONTINUED FROM PAGE 3)

It is unfortunate, he added, that it cannot be parcelled out on a uniform basis.

Mr. Sloan made the astounding statement in a graphic presentation of war costs in saying that in 1914 it cost from \$40,000 to \$50,000 to kill a man. Now it costs \$100,000. The conflict today, he asserted is between machines and two forms of technocracy. America, he said, with her abundant resources and production ability will win the war. This nation, he continued, has the ability to develop enormous capacity for production. Mass production is essential. He said that the manufacturing industries had made elaborate plans for the production of automobiles and it was not so difficult a problem to shift over to the making of tanks. Industry, he said, had not planned for tremendous airplane production. It might cost \$75 to produce an automobile engine while it would require \$20,000 for an airplane engine.

Changes Being Made

He said that the great industries are now building enormous plants and they are coming into production with both hands. He said that technicians now are solving the problems of production. Still greater amounts of materials will be needed and a shortage will be more acute in many lines, thus calling for additional sacrifices. The time element, he said, is a most important factor.

Mr. Sloan said that any change in pattern or method consumes much time but improvements are being made right

along and American industry, he said, is cooperating with the military authorities 100 percent on changes. He said that it is now necessary to manufacture planes that will rise 35,000 feet and can maneuver and fight at that height. Heretofore, planes were not made in this country to do this. He said there is found a constant improvement in technical standards. He said that the General Motors can now produce 1,000 aviation engines a month. It has, he said, two billion dollars of defense contracts on its hands at present. He said that one of the big problems is subcontracting. He asserted that every effort should be made to save the small business man and he declared that General Motors is subcontracting all that it can.

Satisfied with Program

He said that he is well satisfied with the way the defense program has progressed.

Mr. Sloan said that it is not only necessary to produce these mechanical devices but they must be kept going even at great distances. He cited Burma Road as an example. There poorly trained men are driving trucks. It is essential, therefore, to have plenty of parts and technical men at service stations along the way. This country, he said, will make its great contribution to victory in the way of making bombs, tanks and ships. He closed his able address by saying that he had no reservation in his own mind as to whether the United States will win the war.

Good Will Ads Are Need in Insurance

(CONTINUED FROM PAGE 6)

Although no one knows what 1942 will bring, President Brown said in any eventuality the insurance business will stand firm and this fact must be told to the public.

Secretary C. J. Fitzpatrick, U. S. F. & G., spoke briefly on the prospective shortage of paper and some office materials in 1942.

The use of radio for insurance advertising was discussed by Arthur A. Fisk, Prudential. His company presents "The Family Hour" every Sunday afternoon at 5 o'clock. He said radio has proved helpful in efforts to disseminate useful information concerning administrative activities of companies.

The agency force can lend invaluable supplemental assistance to the company in telling policyholders about broadcasts, discussing programs with them and relaying the opinion and reaction of listeners to the home office. In this way the company can make its message more effective after it has learned the reactions of the listening public.

Favors Radio Advertising

Mr. Fisk said radio advertising is best when backed up by magazine and newspaper displays because radio in itself is a "one shot" effort. When the program is over, it is beyond recall and cannot be referred to again for information. One of the essentials in a radio program, he said, is dignity. It should at all times reflect the dignity and stability of the insurance business because the use of poor taste might do irrevocable damage to an insurance company.

Mr. Fisk discussed some technicalities of the use of broadcasting. Great care should be used in selecting speakers, music and announcers, as well as stations. Copies of all discussions on insurance should be sent in advance to agents and there must be an absolute objective to the campaign. The cost of radio advertising depends entirely on the number of stations and type of talent. The Prudential has Gladys Swarthout as its star, assisted by Ross Graham, and Deems Taylor as commentator.

F. W. Potter, field supervisor Aetna Casualty, spoke on "Making Cold Canvass Lukewarm." The luncheon speaker was United States Manager R. P. Bar-

bour, Northern Assurance, whose talk was reported in THE NATIONAL UNDERWRITER last week.

J. A. Gernhardt, National Surety, discussed getting the most out of trade paper space. He emphasized the insurance trade press provides the only medium of approach between a company and all agents. This could not be accomplished through direct mail or general magazine advertising.

In allocating space Mr. Gernhardt suggested not only A.B.C. figures, but personalities, reputation and intelligence of trade paper editorship be taken into consideration. Unless advertising counsel is experienced in this particular field it is of less value than the general field, he said.

Trade Paper Advertising

In his company's experience, plates were most satisfactory for copy in trade papers. Advertising in insurance journals deserves special copy, he declared, because the papers naturally have a special audience of insurance-minded readers. Mr. Gernhardt said his company found intelligent, careful use of trade paper space paid substantial dividends in agent good will, understanding and new business.

S. F. Withe, Aetna Life, presented excerpts from the more successful Aetna movies of the past six years. The Aetna has established a motion picture production unit whereby it can produce its own pictures at considerable saving. Movies have proved of great advantage as a means of visual communication between home office officials and agencies and branches throughout the country. The pictures are made expressly for sales meetings and shown at that time.

Novel Entertainment Features

A novel entertainment was provided at luncheon by two young singers, Tommy Dix, 16 years old, who sings in the musical production "Best Foot Forward," and Teri Keane of the Aldrich Family on the radio.

Motor Vehicle Commissioner Mealey of New York was a guest at luncheon. He expressed thanks to Harold Phillips, publicity director, Association of Casualty & Surety Executives, for the invaluable help given him in connection with the new financial responsibility law which goes into effect in New York next month.

Seven Executives of Home Get Superior Titles

(CONTINUED FROM PAGE 5)

a state agent in 1931 and home office suburban manager in 1932, and in 1938 was made assistant secretary.

Mr. Hargrett, born in 1902, is a graduate of University of Georgia. He was with Southeastern Underwriters Association from 1924 to 1925 and joined Home in 1926 as special agent. He was assistant manager in Philadelphia in 1930, assistant manager, New York service department in 1932, manager of the Washington, D. C., office in 1938 and assistant secretary in 1939.

Mr. Moore, born in Chicago, attended the University of Chicago. He early became an examiner for Great American in Chicago, later being a rater for Michigan Inspection Bureau, engineer for Critchell, Miller, Whitney & Barbour, Chicago, special agent for National Union in western Pennsylvania and state agent for that company in Michigan. He joined Home in 1923 as Ohio state agent and in 1926 was made superintendent of agencies, New York, in 1930 assistant secretary, 1935 director of National Liberty and Baltimore American and in 1939 secretary of those two companies.

Schedule Fire Department School

MEMPHIS, TENN.—The annual Fire Department Instructors Conference, sponsored by the fire prevention department of the Western Actuarial Bureau, Chicago, will be held here Jan. 6-9. Fire prevention and control in national defense will feature the program.

Casualty Subjects Are Considered

(CONTINUED FROM PAGE 25)

Washington. There is not much uniformity in the surcharge placed on such risks above the manual rate. It was agreed that this assigned risk method is spreading and it was claimed that unless there was more uniformity there would be considerable confusion. Usually a company taking an assigned risk is obliged to carry it for a year. There was discussion as to how long the surcharge should be imposed. It was declared that this is a voluntary plan and it has to be determined so far as its type is concerned by meeting the state demands. Some of the Bureau people asserted that the major features are uniform. They found that the rating plans are practically uniform involving a surcharge of from 10 to 15 percent except in New Hampshire.

Surcharge May Be Doubled

There is always discussion as to borderline cases where a penalty may be placed on a risk that really does not justify it. In very bad cases the surcharge may be double the manual rate in addition to the penalty charge. Individual hazards of substandard risks have to be considered. It might be found that an assured might have a fair accident record and yet possess a criminal record that would debar him from getting insurance from most companies.

Gough of New Jersey said that he had found in that state the companies are not cooperating in good faith. Unless they do, he predicted that compulsory automobile insurance laws will be enacted. Rouillard, New Hampshire, said that the assigned risk plan in that state was working excellently, and accident frequency has been reduced. He is very much in favor of a penalty applied, saying that it touches a man's pocketbook and that is a vulnerable spot. He did recommend that the period be increased from one year to two years for assignments. He said that the companies cooperate fully in his state. He thinks a deposit should be made when an application is filed. The National Bureau spokesman said that hereafter when rate manuals are sent out to agents in states having an assigned risk plan, slips will be included explaining it in full. It was decided to appoint a subcommittee to study the assigned risk plan and report to the full committee. It consists of Connecticut, chairman; New Hampshire; New York; Illinois and New Jersey.

North Carolina Women Organize

The Raleigh and Charlotte, N. C., insurance women have formed associations.

At Raleigh the organization elected Mrs. Elsie H. Lee president, Mrs. Laura H. Norton vice-president, Mrs. Theda G. Hodge secretary, and Miss L. Esmond Bradley treasurer. Thomas G. Redden, Greensboro, executive committeeman National Association of Insurance Agents, and S. G. Otsot, executive secretary North Carolina association, were guests.

At Charlotte Mrs. W. H. White is president, Miss Letha King vice-president, and Miss Alice Little secretary-treasurer. Mr. Redden, Mr. Otsot, E. F. Young, president Charlotte association and G. P. Wadsworth, secretary Charlotte exchange, attended the organization meeting.

Duboc's Offer Second Best

The court at Kansas City has given approval to a deal whereunder control of American Savings Life of Kansas City will pass to Republic National Life of Dallas. Ray B. Duboc, president of Western Fire and Western Casualty of Ft. Scott, Kan., and a group of individuals associated with him had also made an offer for the stock of American Savings Life.

When Fire Starts - Production Stops

The insurance industry shares in "all-out"
defense by contributing engineering and
fire prevention skill to prevent fire
- and maintain production



America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

CHICAGO

SAN FRANCISCO

NEW YORK

ATLANTA

MONTREAL

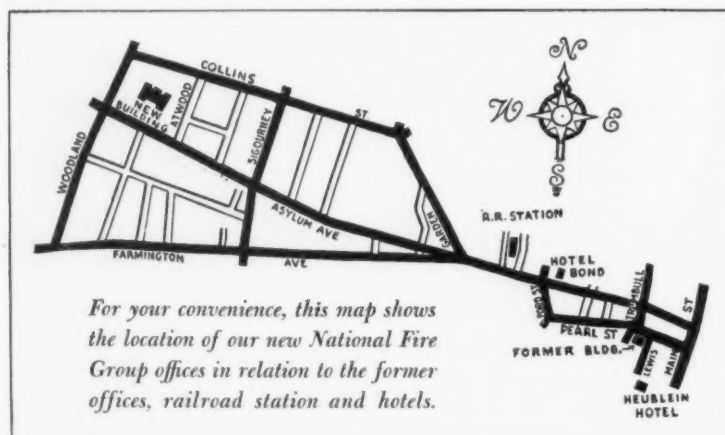


The New Home of THE NATIONAL FIRE GROUP

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD • MECHANICS AND TRADERS INSURANCE COMPANY
FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK • TRANSCONTINENTAL INSURANCE COMPANY



THE NATIONAL and its affiliated companies have moved from their present buildings on Pearl, Lewis and Trumbull Streets, Hartford, Connecticut, to their new Home Office building at 1000 Asylum Avenue, Hartford.



For your convenience, this map shows the location of our new National Fire Group offices in relation to the former offices, railroad station and hotels.

The new building is a four and five story, fire-resistive structure, 340 feet wide and 240 feet deep, of steel, concrete and brick construction, with limestone exterior walls, situated near the center of a 16-acre park-like tract of land located about a mile from the center of the city.

The architectural design and interior layout of the new building have been planned with the view of giving greater efficiency for the benefit of everyone who does business with us and, at the same time, providing more pleasant and comfortable working conditions for our employees. There are parking facilities on the premises for employees' cars.

When you have occasion to visit Hartford, we hope you will come in to see us. The latch key is out and a cordial welcome awaits you.

J. Maxwell

Executive Vice President

A. Hayton

President

